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ANNUAL REPORT 1995

# Alberta Oil and Gas

ALBERTA Oil and Gas Limited (AOG) is a Calgary based independent oil and gas company listed on the Alberta Stock Exchange under the symbol "AOG". The Company has achieved growth through a disciplined strategy based on high grade development projects and acquisitions of properties exclusively in the Western Canadian Sedimentary Basin. The Company will continue to aggressively seek additional opportunities while focusing on the optimization and development of newly acquired properties.

ALBERTA Oil and Gas Limited (AOG) ist eine in Calgary ansässige Gesellschaft, deren Aktien an der Börse von Alberta unter dem Symbol "AOG" kotiert sind. Ihr Wachstum verdankt die Gesellschaft einer klaren Strategie basierend auf dem Kauf von Öl- und Gasreserven mit einem ausgezeichneten Entwicklungspotential im Westen von Kanada. Die Gesellschaft wird damit fortfahren und gleichzeitig die Erschliessung und Optimierung der kürzlich erworbenen Reserven vorantreiben.

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The Annual General Meeting of ALBERTA Oil and Gas Limited will be held at The 400 Club, Calgary, Alberta on July 4, 1996 at 4:00 p.m. Die ordentliche Generalversammlung der ALBERTA Oil and Gas Limited findet am 4. Juli 1996 um 16.00 Uhr im "The 400 Club", Calgary, Alberta statt.

## HIGHLIGHTS

## HIGHLIGHTS

Winspear Business Reference Room  
 University of Alberta  
 1-18 Business Building  
 Edmonton, Alberta T6G 2R6

Thousands except per share / Tausend, ausgenommen bei Angaben pro Aktie

### FINANCIAL / FINANZIELLES

	1995	1994	% Change
Gross revenue / Erlös	\$ 11,560	\$ 8,483	+36
Cash flow before tax / Betriebs-Cashflow	\$ 3,059	\$ 2,575	+19
Per share / Pro Aktie	\$ 0.040	\$ 0.039	+3
Net loss / Reinergebnis (Verlust)	\$ (7,125)	\$ (291)	
Per share / Pro Aktie	\$ (0.092)	\$ (0.005)	
Capital expenditures and acquisitions / Investitionen und Akquisitionen	\$ 15,425	\$ 19,328	-20
Total asset value / Gesamtvermögen	\$ 40,158	\$ 36,181	+11
Net asset value per share / Nettovermögen pro Aktie	\$ 0.23	\$ 0.33	-30
Long-term debt and convertible bond / Bankdarlehen und Wandelobligationen	\$ 19,633	\$ 11,004	+78
Shareholders' equity / Eigenkapital	\$ 10,680	\$ 15,175	-30
Number of shares outstanding / Ausstehende Stammaktien	84,118	73,381	+15

### OPERATING / BETRIEB

Production / Produktion			
Oil and NGLs (bbls/d) / Öl und NGLs (bbls/d)	960	830	+16
Natural gas (mcf/d) / Erdgas (mcf/d)	8,079	3,509	+130
Reserves – proved and probable / Reserven – bewiesene und wahrscheinliche			
Oil and NGLs (mstb) / Öl und NGLs (mstb)	3,855	2,621	+47
Natural gas (mmcf) / Erdgas (mmcf)	37,781	32,003	+18
Undeveloped land holdings / Unerschlossene Landrechte			
Gross acres / Brutto Acres	297.5	178.3	+67
Net acres / Netto Acres	95.3	55.4	+72

# MESSAGE TO SHAREHOLDERS

## MITTEILUNG AN DIE AKTIONÄRE



Nineteen-ninety five was a cruel year for oil and gas companies. Poor gas prices, weak equity markets and continued cutbacks dominated activity.

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ALBERTA Oil and Gas Limited answered these challenges with a record acquisition, new European financing, higher reserves, production and cash flows.

ALBERTA Oil and Gas Limited has focused upon acquisitions to provide a basis for its program of exploration, development and exploitation activities. In 1995, the Company completed an additional acquisition of oil and gas properties in the east central area of Alberta for a total cost of \$10.0 million.

Approximately 50 percent of the value of this acquisition resides with the Wildmere oil property and the balance of the value is in a wide assortment of properties which are anticipated to provide considerable development and exploration potential for the Company. The East Central asset acquisition is an excellent strategic fit for AOG as it complements the 1994 acquisition of gas reserves in the Cache/Clay Beauvallon area.

AOG experienced considerable asset growth during 1995. A total of \$15.4 million was spent on acquisition and development activities resulting in a net reserve addition cost of \$5.50 per barrel of oil equivalent (boe). The Company's total reserves increased by 31 percent, net of dispositions, and the Company's production increased by 40 percent from year end 1994.

The dramatic decline in gas prices experienced during 1995 caused AOG to delay its exploration and development program for

ALBERTA Oil and Gas Limited hat sich in den letzten Jahren, zur Schaffung einer guten Basis für die Exploration, vor allem auf Akquisitionen konzentriert. Im 1995 hat AOG verschiedene Öl- und Gasreserven im "East Central"-Gebiet von Alberta für eine Summe von \$10.0 Millionen gekauft. Ungefähr die Hälfte davon betrifft die Wildmere-Ölanlagen und der Rest verteilt sich auf eine grosse Anzahl Landrechte, die ein exzellentes Potential zur Weiterentwicklung bilden. Diese Akquisition passt ausgezeichnet in die Strategie von AOG und ergänzt den 1994 getätigten Kauf von Gasreserven im Cache/Clay Beauvallon-Gebiet.

AOG's Vermögen ist 1995 deutlich gewachsen. Insgesamt wurden \$15.4 Millionen für Akquisitionen und Ausbauinvestitionen verwendet, die zu neu erschlossenen Reserven mit einem Durchschnittspreis von \$5.50 pro Barrel Öl und Äquivalent (boe) führten. Die Reserven nahmen um 31 Prozent zu (netto nach Verkäufen) und die Tagesproduktion erhöhte sich bis zum Jahresende um 40 Prozent gegenüber Ende 1994.

Der dramatische Rückgang des Gaspreises hat AOG veranlasst das ursprüngliche Ausbauprogramm der Cache/Clay Beauvallon Reserven zurückzustellen und



BOARD OF DIRECTORS:

Dr. Urs Wehinger, Chairman of the Board of Directors and Chief Financial Officer

Josef Hodel, President and Chief Executive Officer

1995 war für Öl- und Gasfirmen ein schwieriges Jahr. Niedrige Gaspreise, ein schwacher Eigenkapitalmarkt und die allgemeine Zurückhaltung haben dazu geführt.

ALBERTA Oil and Gas Limited hat diese Herausforderung bestanden und eine grosse Akquisition, eine Finanzierung in Europa, höhere Reserven, gesteigerte Produktion und einen besseren Cashflow realisiert.

the Cache/Clay Beauvallon assets and to limit drilling activities on other prospects.

As a result of reserve reclassifications and substantially lower gas prices, the Company has taken a ceiling test writedown of \$6.0 million. This conservative evaluation of AOG's asset base after a sustained period of acquisitions will position the Company for significant future earnings potential.

Uncertainty in Canadian oil and gas markets and factors such as the Quebec referendum and declining Canadian currency values made equity markets difficult to access during the year. Despite these market conditions, AOG raised \$3.0 million in equity at \$0.28 per share.

Gross revenues during 1995 increased by 36 percent and cash flow from operations rose to \$3.1 million, a 19 percent increase from last year. Earnings per share were \$(0.09), reflecting the substantial ceiling test writedown.

auch in anderen Gebieten die Bohraktivitäten zu begrenzen.

Als Resultat einer Verschiebung bei den Reservenkategorien, wegen den deutlich tieferen Gaspreisen ergab sich ein buchhaltungstechnischer Abschreibungsbedarf von \$6.0 Millionen. Diese konservative Bewertung ermöglicht der Firma in naher Zukunft den Ausweis von Gewinnen.

Unsicherheiten im kanadischen Öl- und Gasmarkt sowie andere Faktoren wie z.B. das "Quebec"-Referendum oder die Schwäche des kanadischen Dollars führten im Laufe des Jahres zu schwierigen Verhältnissen am Eigenkapitalmarkt. Trotzdem ist es AOG gelungen insgesamt \$3.0 Millionen zu \$0.28 pro Aktie zu beschaffen.

Der Bruttoumsatz stieg um 36 Prozent und der Cashflow lag bei \$3.1 Millionen, 19 Prozent mehr als letztes Jahr. Durch die oben erwähnte Abschreibung ergab sich ein Verlust pro Aktie von \$0.09.

The Company has established an excellent asset base for exploration and development and is well positioned for growth in 1996 and beyond. The Company has targeted core areas in eastern Alberta where drilling prospects have multiple geologic horizons, are close to existing infrastructure and where planning and development costs are generally low. AOG has set a budget of \$6.0 million in 1996 for development projects in a number of prospective areas. These projects are expected to add over one million barrels of oil equivalent to reserves. A target production increase of 30 percent will translate into positive earnings for 1996. AOG is firmly committed to its program to create and maximize shareholder value.

Although AOG's outlook for product prices is positive, AOG has hedged approximately one-third of its total oil and gas production to protect the Company from possible negative price fluctuations.

The Company will seek opportunities for new equity financing during 1996 and will, at the same time, reduce existing levels of indebtedness through an active program of disposition of non-core assets.

Die Firma ist in Kerngebieten im östlichen Alberta tätig, wo die Bohrkosten generell günstig sind, verschiedene geologische Zonen übereinander liegen, die Infrastruktur gut ausgebaut ist und wo die Planungs- und Ausbaukosten auch tief liegen. AOG plant im 1996 total \$6.0 Millionen in die Erschließung von Reserven in verschiedenen Gebieten zu investieren. AOG nimmt an, damit insgesamt 1 Million boe Reserven zu gewinnen, die Produktion um 30 Prozent zu erhöhen und 1996 einen Reingewinn auszuweisen. Damit soll das Hauptziel der Werterhaltung und Wertvermehrung zugunsten der Aktionäre erreicht werden.

Obwohl AOG bezüglich der Preisentwicklung beim Öl und Gas positiv eingestellt ist, hat man ungefähr einen Drittel der Produktion zu Festpreisen verkauft, um vor negativen Preisentwicklungen partiell geschützt zu sein.

Die Gesellschaft wird auch 1996 versuchen, die Eigenkapitalbasis weiter zu verstärken. Gleichzeitig soll die Verschuldung mit einem aktiv bearbeiteten Verkaufsprogramm - von ausserhalb von Kerngebieten liegenden Reserven - abgebaut werden.



Günter Daiss, Vice-Chairman

Heinz Senn, Director

Charles V. Selby, Corporate Secretary  
and General Counsel

Thomas R. Vukovich, Director

Management of the Company expresses thanks to Mr. Paul Stauffer, who retired as Chairman and member of the Board of Directors in late 1995. Dr. Urs Wehinger, who has been with the Company since inception, has assumed the role of Chairman. Mr. Günter Daiss, a German businessman and a major shareholder of the Company, has been appointed to the Board in the position of Vice-Chairman.

Management thanks AOG's shareholders for their continued support and interest in the Company.

Die Geschäftsführung der Gesellschaft möchte auf diesem Weg noch Herrn Paul Stauffer ihren Dank aussprechen, der sich als Präsident und aus dem Verwaltungsrat zurückgezogen hat. Herr Dr. Urs Wehinger, ebenfalls seit der Gründung von AOG im Verwaltungsrat, hat das Präsidium übernommen. Herr Günter Daiss, ein deutscher Geschäftsmann und grösster Aktionär der AOG, wurde als Vizepräsident in den Verwaltungsrat gewählt.

Die Geschäftsleitung dankt den Aktionären für die andauernde Unterstützung.

Dr. Urs Wehinger

Chairman of the Board and Chief Financial Officer

Josef Hodel

President and Chief Executive Officer

Mr. Stauffer has served AOG as a Director and as Chairman of the Board since the founding of the Company in 1986. He was an important person in the formation of AOG and was a source of encouragement to investors. He was a valuable source of advice during the early years of the Company, particularly in the areas of board procedure and relationships with the European financial community. Mr. Stauffer is the President and Board Member of Swiss Egg and Poultry Associations. He was involved in world scale farming operations in Europe and the Middle East. He was also appointed to the Board of Directors of one of the largest regional Swiss banks. Mr. Stauffer has gradually retired from active involvement in business and tendered his resignation from the Board effective December 31, 1995. The Board of Directors acknowledges its gratitude to Mr. Stauffer for his years of service and is pleased to announce that Mr. Stauffer will continue to serve the Company as Honorary Chairman.

Herr Paul Stauffer hat die AOG seit der Gründung 1986 als Verwaltungsrat (VR) und Präsident begleitet. Er leistete einen grossen Beitrag zur Entwicklung der Firma. Seine Ratschläge, vor allem im Bereich der Organisation des VR und in der Zusammenarbeit mit Finanzinstituten, war sehr geschätzt. Herr Stauffer ist Präsident und Verwaltungsrat mehrerer Organisationen der Schweiz. Geflügelwirtschaft. Er führte einen Betrieb im Bereich Planung und Bau von grossen Geflügelfarmen mit Aufträgen aus ganz Europa, sowie im Mittleren Osten. Außerdem war er jahrelang VR und Vizepräsident einer schweizerischen Regionalbank. Herr Stauffer zieht sich schrittweise aus dem Tagesgeschäft zurück und hat in der Folge auch auf den 31.

Dezember 1995 seinen Rücktritt aus dem VR und als Präsident von AOG erklärt. Der Verwaltungsrat dankt Herrn Stauffer für seinen jahrelangen Einsatz und gibt hiermit gerne bekannt, dass er einstimmig zum Ehrenvorsitzenden ernannt worden ist.

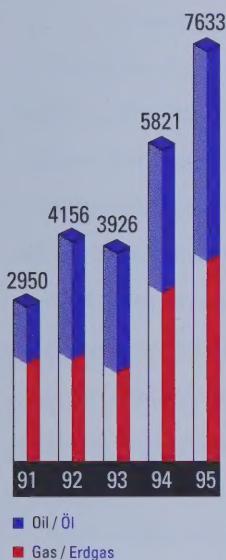


**Paul Stauffer**  
Chairman Emeritus

# OPERATIONS REVIEW

## BETRIEBLICHER RÜCKBLICK

Reserve Growth  
Reservenzunahme  
(mboe)

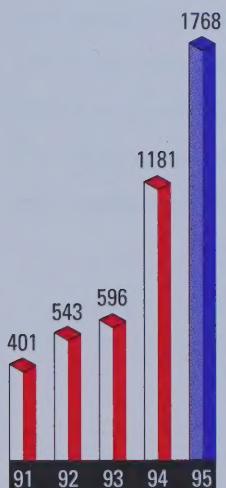


■ Oil / Öl  
■ Gas / Erdgas

### OVERVIEW

AOG significantly increased its operated property base and further advanced its strategic position through the acquisition of a major property group in east central Alberta. Despite low gas prices, AOG was able to deliver significant production gains and reserve additions at enviable cost ratios through a combination of acquisition and capital projects. The Company's total reserves increased by 31 percent after taking production, revisions and dispositions into account. Production rates rose by over 40 percent during the year to 2,020 boed in December 1995.

Total Production  
Total Produktion  
(boed)



### PRODUCTION

Oil and natural gas liquids production averaged 960 barrels of oil per day (bopd), up 16 percent from 1994. During 1995, a production gain of 140 bopd was realized from the Ingoldsby Unit where additional horizontal wells were drilled and from the AOG operated Sakwatamau Unit where a gas reinjection scheme was implemented. These gains offset production declines of 70 bopd, largely at Rosebank, where horizontal production was impacted by water encroachment. AOG purchased a 9.46 percent interest in the Wildmire Lloydminster Unit No.1 which added a yearly

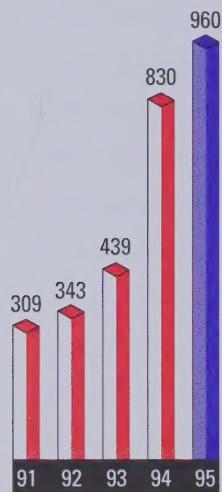
### ÜBERSICHT

AOG hat seine selbstbetriebenen Anlagen stark erweitert und hat sich dank der East Central Akquisition für das Wachstum der nächsten Zukunft strategisch optimal plaziert. Trotz des tiefen Gaspreises hat AOG bei der Produktion und bei den Reserven deutlich zugelegt, bedingt durch die Kombination von Akquisitionen und Ausbauinvestitionen. Die Reserven sind nach Berücksichtigung der Förderung und von Verkäufen um netto 31 Prozent gestiegen. Die Förderrate lag Ende Jahr bei 2'020 boed, 40 Prozent höher als Ende 1994.

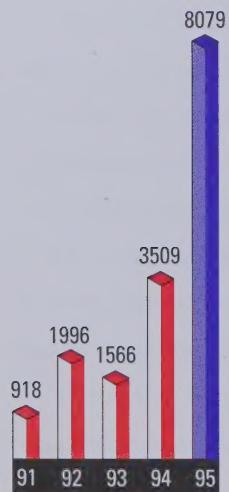
### PRODUKTION

Die durchschnittliche Öl und NGL Produktion lag bei 960 Barrel pro Tag (bopd), 16 Prozent über 1994. Zusätzliche Horizontalbohrungen bei der Ingoldsby Unit und die Gasinjektionsanlage bei der Sakwatamau Unit resultierten in einem Gewinn von 140 bopd. Damit konnte der durch Wassereinbruch bedingte Produktionsrückgang bei Rosebank von 70 bopd kompensiert werden. AOG hat 9.46 Prozent der Wildmire Lloydminster Unit No. 1 mit einer Durchschnittsförderung von 103 bopd erworben und hat damit den Neutral Hill-Verkauf von Ende 1994 (80 bopd) ersetzt.

Oil and NGL Production  
Öl und NGL Produktion  
(bbls/d)



Gas Production  
Gas Produktion  
(mcf/d)



average of 103 bopd, offsetting the late 1994 sale of 80 bopd from the Neutral Hills area.

Natural gas production averaged 8.1 million cubic feet per day (mmcf/d), up 130 percent from 1994 levels. Two AOG operated gas wells were placed on production in the Sakwatamau area which added production in excess of 2.0 mmcf/d average for the year. These wells are performing well with year end production rates in excess of 3.0 mmcf/d. The Cache/Clay area averaged production rates of almost 1.0 mmcf/d over last year's rate, reflecting a full year's production and productivity gains achieved during 1995. A gain of 0.25 mmcf/d was achieved from the tie-in of a gas well in Flat Rock, British Columbia and from production optimizations throughout AOG's property base. The acquisition of the East Central properties contributed 1.4 mmcf/d to the average annual production of the Company. New gas producing areas include AOG operated Viking-Kinsella, Bruce-Holden and O'Hatton, and non-operated areas include Bellshill Lake, Killam-Sedgewick, Provost and Penhold.

Overall, AOG's development program contributed 59 percent to the 1995 average daily production gain while acquisitions contributed 41 percent. AOG's product mix for 1995 was 54 percent oil and liquids compared to 70 percent in the previous year.

Die Gasproduktion lag bei 8.1 Millionen Kubikfuss pro Tag (mmcf/d), 130 Prozent über dem Vorjahr. Zwei selbstbetriebene Gasquellen mit über 2.0 mmcf/d wurden im Sakwatamau-Gebiet angeschlossen; per Ende Jahr produzierten sie bereits über 3.0 mmcf/d. Die Förderung im Cache/Clay-Gebiet lag um beinahe 1.0 mmcf/d über dem letzten Jahr, dies aufgrund der Einrechnung von vollen zwölf Monaten und Produktivitätsgewinnen. 0.25 mmcf/d wurden durch den Anschluss eines Wells in Flat Rock, British Columbia und durch Optimierungen in anderen Gebieten erreicht. Die East Central-Akquisition trug ihrerseits 1.4 mmcf/d zur durchschnittlichen Jahresproduktion bei; mit den selbstbetriebenen Anlagen in Viking/Kinsella, Bruce-Holden und O'Hatton und mit Bellshill Lake, Killam-Sedgewick, Provost und Penhold (anderer Operator).

Insgesamt ist dem Ausbauprogramm 59 Prozent des Produktionszuwachses zu verdanken, während die Akquisitionen 41 Prozent beitrugen. AOG's Produktemix lag bei 54 Prozent Öl und NGL, während das letztes Jahr noch 70 Prozent ausmachte.

# DEVELOPMENT/ACQUISITIONS REVIEW

## AUSBAUINVESTITIONEN UND AKQUISITIONEN

### OVERVIEW

Capital expenditures for 1995 totalled \$15.4 million for acquisition and development activities. Net proceeds from dispositions totalled \$1.6 million. As a result of a dramatic decrease in gas prices, AOG shifted its focus in mid-1995 away from drilling and development to take advantage of acquisition opportunities. A major acquisition of properties in east central Alberta was concluded in December 1995.

ALBERTA Oil and Gas Limited completed a \$10.0 million acquisition in the East Central area of Alberta.

ALBERTA Oil and Gas Limited hat eine Akquisition von \$10.0 Millionen im East Central Gebiet von Alberta abgeschlossen.

### ÜBERBLICK

Insgesamt hat AOG im 1995 \$15.4 Mio für Akquisitionen und Ausbauten investiert. Die Verkäufe machten \$1.6 Mio aus. Ungefähr Mitte 1995 hat AOG das Development-Programm aufgrund des dramatischen Preisverfalls beim Gas verlangsamt, um sich vermehrt auf Akquisitionsgelegenheiten zu konzentrieren. Ende 1995 wurde dann ein grosser Kauf getätigt, die sog. East Central-Akquisition.

### DEVELOPMENT ACTIVITIES

A total of \$5.0 million was directed towards development activities which resulted in 875 boed of new productive capacity and added 134 mboe of proven and 83 mboe of probable reserves. AOG's 1995 program focused on building gathering and plant facilities in order to produce approximately 4.0 billion cubic feet (bcf) of wholly-owned proven reserves in the Sakwatamau area.

As a result of low gas prices in 1995, planned drilling for gas in the Cache/Clay area was deferred. However, \$0.6 million was spent in the area, largely on zonal recompletions and tying-in non-producing reserves close to infrastructure.

### AUSBAUAKTIVITÄTEN

Hierfür wurden 1995 \$5.0 Mio ausgegeben, die sich schlussendlich in einer Produktionssteigerung von 875 boed und in zusätzlichen Reserven von 134 mboe bewiesen und 83 mboe wahrscheinlichen niederschlügen. Hauptziel des Programmes war es, die rund 4.0 Milliarden Kubikfuss (bcf) Gasreserven von Sakwatamau zu erschliessen.

Als Resultat des schlechten Gaspreises wurde der Zeitplan dann allerdings überarbeitet. Dieser Infrastrukturausbau hat \$0.6 Mio gekostet, hauptsächlich für die Fertigstellung von Bohrfassungen in der Nähe von bereits bestehender Infrastruktur.

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AOG's 1995 development program focused on infrastructure completion.

AOG's 95er Investitionen konzentrierten sich auf den Ausbau der Infrastruktur.

Approximately \$0.2 million was spent within the Freeman Unit to reactivate and tie-in an oil well that resulted in 41 bopd of new production. AOG also participated in the drilling of horizontal wells in the Ingoldsby and Rosebank areas where approximately 125 bopd of new production was gained.

In the Sakwata mau Unit, AOG spent \$0.5 million to install a gas injection compressor and stimulate two producing oil wells. Net production gains of 90 bopd were realized. AOG participated in the construction of a major gas plant and gathering system in the Sakwata mau Non-Unit facility for \$1.9 million. New gas and liquids production of 330 boed was developed and this property is currently the largest revenue generator for the Company.

### ACQUISITION AND DEVELOPMENT ACTIVITIES

AOG acquired a large group of properties in east central Alberta at a net acquisition cost of \$10.0 million, and gained 1.7 million barrels of oil equivalent (mmboe) of proven and 0.9 mmboe of probable reserves. The purchase included varying interests in producing and non-producing oil and gas properties with excellent development opportunities.

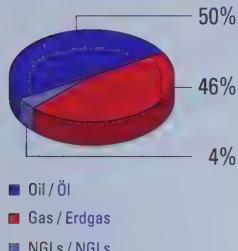
Ungefähr \$0.2 Mio machte die Reaktivierung der Freeman Unit aus, die dann eine Fördersteigerung von 41 bopd ergab. Horizontalbohrungen bei Ingoldsby und Rosebank war eine Produktionserhöhung von 125 bopd zu verdanken.

In der Sakwata mau Öleinheit wurden zwei Ölbohrungen mit Gasinjektionen ergänzt, mit einem Gewinn von 90 bopd. Die grosse Gasverarbeitungsanlage in Sakwata mau kostete AOG \$1.9 Mio. Die dortige Förderung beträgt 330 boed und ist zur Zeit somit der grösste Umsatzbringer.

### AKQUISITIONEN UND VERKÄUFE

AOG hat sich Ende 1995 mit einem Betrag von \$10.0 Mio an einer grossen Anzahl Anlagen im East Central-Gebiet von Alberta beteiligt und damit Reserven von 1.7 Millionen Barrel Öl oder Gasäquivalenten (mmboe) bewiesenen und 0.9 mmboe wahrscheinlichen zugekauft. Das Paket beinhaltet viele unterschiedliche Beteiligungen, sowohl an produzierenden Einheiten, als auch an nicht-produzierenden mit ausgezeichneten Ausbauchancen. So ist zum Beispiel bekannt, dass der Betreiber der Wildmere-Einheit im 1996 grosse Erweiterungspläne hat. Viking-Kinsella ist ein Gebiet mit Gasproduktion, wo

1995 Production Mix  
1995 Produktions-Mix

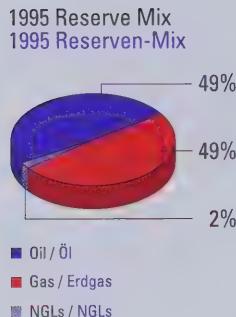


Some of the properties include: Wildmere, where the Operator is planning a major development drilling and facilities upgrade program in 1996; Viking-Kinsella, primarily a gas producing area where AOG is Operator of the plant processing facility; Bruce-Holden, where AOG is the primary Operator; and O'Hatton where AOG has become the Operator of the property and facilities. AOG has significant development plans for the acquired lands and has initiated an active program for prospect refinement in early 1996.

AOG disposed of non-operated properties in the Provost area for net proceeds of \$1.6 million. The Provost properties were fully developed and AOG's small working interests contributed to high administrative costs. The Company has an ongoing rationalization program in order to build upon the quality of its remaining property base and to concentrate on several core areas. The Company is focusing on retaining and aggregating properties which have long reserve life indices, high working interests and low operating costs with upside potential for reserve and production gains.

AOG Operator der Gasverarbeitungsanlage wird. Auch in Bruce-Holden und O'Hatton wird AOG der Betreiber. AOG hat genaue Vorstellungen über die Ausbaumöglichkeiten in diesen Gebieten.

AOG hat Beteiligungen im Provost-Gebiet für den Betrag von \$1.6 Mio verkauft. Die Anlagen waren bereits voll ausgebaut (kein Upside mehr) und die kleine Beteiligung verursachte unverhältnismässige Verwaltungskosten. Die Gesellschaft hat ein aktiv bearbeitetes Verkaufsprogramm für Anlagen die nicht in den definierten Kerngebieten liegen. AOG will sich auf Beteiligungen mit Langzeitreserven, hohem AOG-Anteil und tiefen Betriebskosten konzentrieren, die dank einem guten Development Programm Fördersteigerungen und Reservenzuwachs versprechen.



Gilbert, Lausten, Jung and Associates (GLJ) was commissioned to evaluate the reserves of the Corporation effective December 31, 1995. Although there were no significant revisions to the total proved and probable reserves of the Company, a significant amount of reserves have been reclassified as probable reserves from the previous proven category.

Gilbert, Lausten, Jung and Associates (GLJ) waren beauftragt, die Reserven der Gesellschaft per 31. Dezember 1995 zu bewerten. Obwohl es am Gesamtbestand der Reserven keine grossen Korrekturen gab, musste eine bedeutende Menge von den bewiesenen in die wahrscheinlichen umklassiert werden.

OIL AND NGLS / ÖL UND NGLS (MSTB)	Proved Producing	Proved Non- Producing	Probable	Total
Balance, January 1, 1995 / Bestand 1. Januar 1995	1,832	124	665	2,621
Drilling additions / Erschliessungen	11	48	46	105
Acquisitions / Akquisitionen	836	125	359	1,320
Dispositions / Verkäufe	(91)	(1)	(7)	(99)
Revisions / Revisionen	(3)	(77)	337	257
Production / Förderung	(349)	0	0	(349)
Balance, December 31, 1995 / Bestand 31. Dezember 1995	2,236	219	1400	3,855
<b>GAS / ERDGAS (MMCF)</b>				
Balance, January 1, 1995 / Bestand 1. Januar 1995	9,177	19,168	3,658	32,003
Drilling additions / Erschliessungen	502	249	367	1,118
Acquisitions / Akquisitionen	4,200	3,335	5,172	12,707
Dispositions / Verkäufe	(1,681)	(243)	(17)	(1,941)
Revisions / Revisionen	5,315	(11,477)	3,005	(3,157)
Production / Förderung	(2,949)	0	0	(2,949)
Balance, December 31, 1995 / Bestand 31. Dezember 1995	14,564	11,032	12,185	37,781

1995 Reserve Type – Oil  
1995 Reserventyp Öl



ASSET VALUE	Oil & NGLs mstb	Gas mmcf	Total mboe	Net Present Value (\$000's)		
				10%	15%	20%
Proven producing reserves / Bewiesen und produzierend	2,236	14,564	3,693	25,450	21,515	18,749
Proven non-producing reserves / Bewiesen, nicht-produzierend	219	11,032	1,322	5,405	4,072	3,131
Total proved reserves / Total bewiesene Reserven	2,455	25,596	5,015	30,855	25,587	21,880
Probable additional reserves / Wahrscheinliche Reserven	1,400	12,185	2,618	14,676	10,717	8,229
Total reserves / Total Reserven	3,855	37,781	7,633	45,531	36,304	30,109
Land value / Landwert				3,854	3,854	3,854
<b>Total asset value<sup>1</sup> / Total Vermögenswert<sup>1</sup></b>				<b>49,385</b>	<b>40,158</b>	<b>33,963</b>

1 Reserve values include ARTC credit / Bewertung beinhaltet ARTC Kredit

1995 Reserve Type – Gas  
1995 Reserventyp Gas



At December 31, 1995, the Company's total reserves (unrisked) were 7.6 mmboe, a 31 percent increase over last year's 5.8 mmboe. The Company's total oil reserves have increased to 3.9 million stock tank barrels (mmstb) from last year's 2.6 mmstb while the Company's total gas reserves have increased to 37.8 bcf from last year's 32.0 bcf. The Company's reserves are nearly balanced between liquids and gas reserves.

Proven reserves constitute 64 percent of total oil reserves. Downward revisions were made to the Company's proven oil reserves at Freeman and Morse River while slight upward revisions to probable reserves were made at Retlaw and Willesden Green.

Am 31. Dezember 1995 betrugen die gesamten Reserven (ohne Risikogewichtung) 7.6 mmboe, 31 Prozent mehr als 1994 (5.8 mmboe), wovon 3.9 Millionen Barrel (mmstb) Öl und NGL's (1994 – 2.6) und 37.8 bcf Gas (1994 – 32.0) waren. Damit ist der Bestand zwischen Öl und Gas ziemlich ausgeglichen.

Die bewiesenen Reserven machen 64 Prozent des Ölbestandes aus. Korrekturen bei den 'bewiesenen' mussten vor allem bei Freeman und Morse River in Kauf genommen werden, während bei Retlaw und Willesden Green 'wahrscheinliche' dazukamen.

Beim Gas betragen die bewiesenen Reserven 68 Prozent, wobei per Jahresende eine Korrektur von 6.2 bcf bei den 'bewiese-

Proven reserves constitute 68 percent of total gas reserves. A total of 6.2 bcf of proven gas reserves were revised downward by GLJ. Of this amount, 3.0 bcf were reclassified into the probable category. Gas reserves in the Cache/Clay area were the most severely affected, reflecting a more conservative view of non-producing reserves behind pipe. Of the 4.8 bcf of proven reserves at Cache/Clay which were revised downward, 2.3 bcf were reclassified into the probable category. A total of 1.4 bcf of largely proven reserves were revised downward at Sakwatamau relating to a remote gas well which is not tied in and is considered to be uneconomic at current gas prices.

During 1995, 99.0 thousand stock tank barrels (mstb) of liquids and 1.9 bcf of gas reserves (proven and probable) were disposed of with the sale of the Sounding Lake and Provost properties.

The remaining recoverable reserves, after revisions, have a reserve life index of ten years for proven plus probable reserves and seven years for proven reserves, respectively.

nen' zu verzeichnen war, wovon wenigstens 3.0 bcf in die 'wahrscheinlichen' gingen. Der Hauptgrund liegt im Cache/Clay-Gebiet, wo aufgrund der Verzögerung beim Ausbauprogramm weniger Reserven an die Produktion angeschlossen wurden als vorgesehen, was bei dieser konservativen Betrachtung dazu führte, dass 4.8 bcf korrigiert werden mussten, wovon 2.3 bcf in die Kategorie der "wahrscheinlichen" gingen. Bei Sakwatamau betrug die Revision 1.4 bcf mangels Anschluss an die Produktion und wegen fehlender Rentabilität bei den geltenden Gaspreisen.

Im 1995 wurden 99.0 mstb NGL und 1.9 bcf Gas Reserven durch den Verkauf von Sounding Lake und Provost abgebaut.

Die verbleibenden Reserven weisen noch eine Lebensdauer von 10 Jahren (mit den wahrscheinlichen) und 7 Jahren (nur die bewiesenen) auf.

# 1996 EXPLORATION AND DEVELOPMENT PLANS

## 1996 EXPLORATIONS- UND DEVELOPMENTPLÄNE

Over the last two years, AOG has positioned itself in solid properties with a good prospect base and in areas where pipeline and plant infrastructure exists. Our current core areas include Swan Hills, Alberta (Freeman, Sakwatamau and Morse River); Cache/Clay, Alberta (East Side, Cache, Cache South, Myrnam, Cossack and Lucky Lake) and East Central, Alberta (Wildmere, Viking-Kinsella, Bruce-Holden, O'Hatton, Killam-Sedgewick, Bellshill Lake, Rivercourse, Dyberg and Provost).

AOG's 1996 capital budget will focus on reserve and production additions through drilling on the Company's undeveloped land base, largely in the Cache/Clay and East Central core areas where multiple targets exist and where risks and costs are generally low per prospect. The Company will be proactive in generating quality prospects and building land positions prior to drilling. Approximately 10 percent of the 1996 budget will be targeted towards higher risk and reward targets in areas where immediate production gains can be realized from successful drilling.

In den beiden letzten Jahren hat sich AOG eine zukunftsträchtige Landbasis geschaffen, mit einer guten Infrastruktur wie Pipelines oder Verarbeitungsanlagen. Die aktuellen Kerngebiete sind: Swan Hills, Alberta (Freeman, Sakwatamau und Morse River); Cache/Clay, Alberta (East Side, Cache, Cache South, Myrnam, Cossack und Lucky Lake) und East Central, Alberta (Wildmere, Viking-Kinsella, Bruce-Holden, O'Hatton, Killam-Sedgewick, Bellshill Lake, Rivercourse, Dyberg und Provost).

Das Investitionsbudget für 1996 wird sich auf die Erhöhung der Reserven und der Produktion durch Bohrungen auf bisher unerschlossenem Land konzentrieren, hauptsächlich in Cache/Clay und East Central, wo Mehrfachschichten vorkommen und die Bohrkosten generell tief liegen.

Selbstverständlich werden vor jeder Bohrung genaueste Abklärungen getroffen. Ungefähr 10 Prozent des Budgets ist für Bohrungen vorgesehen, wo das Risiko - aber auch der potentielle Gewinn - höher liegen, als die durchschnittlichen Projekte von AOG.

Finding and development costs are expected to be approximately \$5.00/boe of reserve additions. A capital budget of \$6.0 million has been allocated to these projects. Approximately 60 percent of capital resources will be directed towards exploration and drilling projects leaving 40 percent for maintenance and infrastructure projects.

Gemessen an den zu erschliessenden Reserven sollen die gesamten Kosten ca. \$5.00/boe ausmachen. Das Budget beträgt total \$6.0 Mio, wovon ca. 60 Prozent in die eigentlichen Bohrungen gehen, während 40 Prozent für die Infrastruktur und den Unterhalt vorgesehen sind.

## LAND

AOG's net land holdings increased 67 percent to 179,000 acres as a result of acquisition activities in 1995. The undeveloped land component increased 72 percent to 95,000 net acres from 55,000 net acres in 1994. AOG's land base provides significant opportunities for exploration and exploitation in the future. The undeveloped land and lands to which no reserves have been assigned were valued by GLJ at \$3.9 million as at December 31, 1995.

## LANDRECHTE

AOG's Landrechte haben um 67 Prozent auf 179'000 Acres (netto) zugenommen, dies als Resultat der Akquisition 1995. Der unerschlossene Teil stieg um 72 Prozent auf 95'000 Acres. Damit besteht eine gute Basis für Suchbohrungen und Reservenerschliessungen. Den unerschlossenen Landrechten und jenen, denen keine Reserven zugewiesen sind, wurde von GLJ per Ende 1995 ein Wert von \$3.9 Mio zugeordnet.

## ACREAGE SUMMARY (000 ACRES) / ZUSAMMENFASSUNG LANDRECHTE

as at December 31, 1995	Developed		Undeveloped		Total	
	gross	net	gross	net	gross	net
Alberta	396.1	82.7	296.1	95.2	692.2	177.9
British Columbia	5.9	0.3	1.3	0.1	7.2	0.4
Saskatchewan	2.3	0.4	0.1	—	2.4	0.4
Total	404.3	83.4	297.5	95.3	701.8	178.7



### CACHE/CLAY

(AOG interest 15 percent to 60 percent)



AOG has initiated a major seismic reprocessing and shooting program in order to delineate a number of prospective drilling locations. AOG anticipates the drilling of a number of high quality gas wells in mid 1996 and is also targeting recompletions of a number of existing wells where proven reserves have been demonstrated behind pipe.

### BRUCE-HOLDEN/VIKING-KINSELLA

(AOG interest 10 percent to 50 percent)



AOG has identified a number of gas and oil prospects in these two areas. It is anticipated that the Company will participate in the drilling of eight wells and in a large number of recompletions and gas well tie-in projects during the course of the year.

## WILDMERE UNIT

(AOG interest 9.46 percent)



The operator of the Wildmere Unit has proposed the drilling of five infill wells and a significant battery enlargement for 1996. It is anticipated that a major infill drilling program will be undertaken in this Unit over the next several years in order to increase production levels and maximize ultimate reserve recovery from the Lloydminster zone.

## WILLESDEN GREEN

(AOG interest 40 percent to 45 percent)



AOG owns working interests in 7.5 sections of land with existing cardium production. Several recompletions have been performed on the Belly River zone which have yielded significant new production to the Company. The Company expects to perform three additional recompletions and to drill two additional wells in order to follow up the successful Belly River program which was initiated last year.

## INGOLDSBY/ROSEBANK

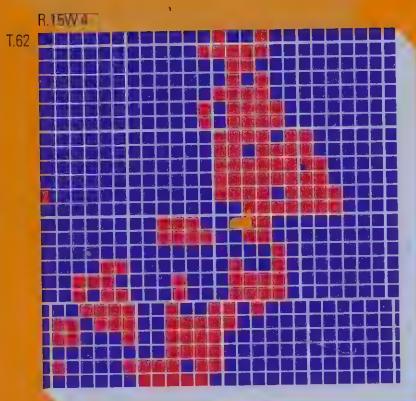
(AOG interest 3 percent to 24 percent)



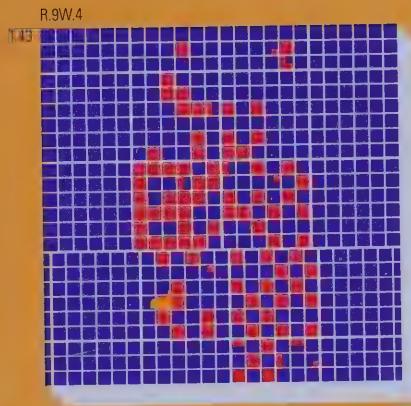
The Company expects to participate in the drilling of three horizontal wells in this area in 1996. Horizontal drilling has provided excellent production and reserve results in the area to date.

## OTHER PROSPECTS

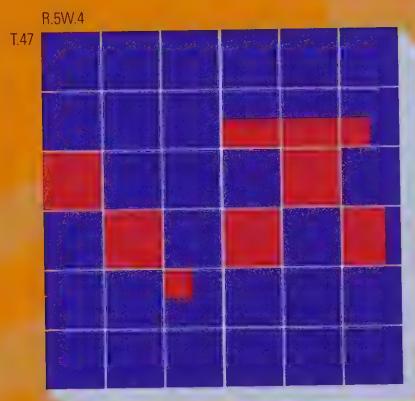
AOG has been developing drilling prospects in a number of other areas in Alberta. The Company will continue to aggressively pursue opportunities for reserve and production additions during 1996. This includes the possible reactivation of the Freeman waterflood and participation in new exploratory ventures in the Zama and Little Bow areas.



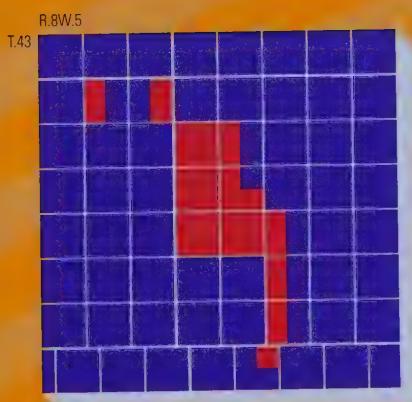
CACHE, ALBERTA



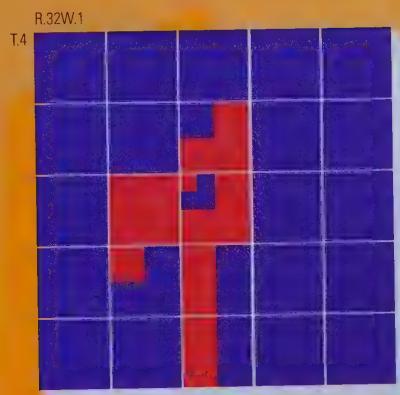
VIKING/KINSELLA, ALBERTA



WILDMERE, ALBERTA



WILLESDEN GREEN, ALBERTA



INGOLDSBY/ROSEBANK, SASKATCHEWAN

Maximizing shareholder value remains our major goal. Increased attention to exploration and development drilling on Company core properties acquired through focused effort over the last several years will create the opportunity for earnings.

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Es ist unser Hauptziel, den Aktienwert zu steigern. Mit der Konzentration auf die Erschliessung der in den letzten Jahren erworbenen Reserven wird es gelingen, Gewinne zu erzielen.

## FINANCIAL OVERVIEW

In 1995, AOG continued to progress toward its objectives of growth and value creation. Highlights include:

- a 36 percent increase in revenue
- a 19 percent increase in cash flow
- a 50 percent increase in average production
- a 14 percent reduction in operating costs per boe
- a 280 percent replacement of produced reserves

The following discussion provides management's perspective of the Company's financial condition and results of operations and should be read in conjunction with the audited financial statements. For purposes of this discussion: cash flow is defined as revenue less royalties, operating expenses, administrative costs and interest charges; natural gas volumes are converted to oil equivalent volumes at a rate of 10 mcf to 1 boe in accordance with industry practice; and reference to oil production or oil revenue includes revenue from the production of natural gas liquids.

## MAJOR TRANSACTIONS

Several transactions shaped the Company's profile during 1995 and will continue to have a dramatic impact on operations in 1996 and future years.

## FINANZIELLE ÜBERSICHT

Im 1995 hat AOG, gemessen an seiner Zielsetzung von Wachstum und Wertvermehrung, gute Fortschritte gemacht:

- 36 Prozent mehr Erlös
- 19 Prozent höherer Cashflow
- 50 Prozent gestiegene Förderung
- 14 Prozent Reduktion der Betriebskosten pro boe
- 280 Prozent der produzierten Reserven ersetzt

Die nachfolgenden Bemerkungen bringen die Meinung der Geschäftsleitung zum Ausdruck und sollten in Verbindung zum revidierten Jahresabschluss gelesen werden. Für diesen Bericht: Cashflow entspricht dem Erlös abzüglich Royalties, Betriebskosten, Verwaltungskosten und Zinsen; Gasmengen werden im Verhältnis von 10 zu 1 in Öläquivalente (boe) umgerechnet, wie in der Branche üblich; und in der Ölproduktion sind auch immer die Nebenprodukte (Natural Gas Liquids) eingerechnet.

## WICHTIGSTE TRANSAKTIONEN

Verschiedene Transaktionen bestimmten das Profil der Gesellschaft im Jahre 1995 und werden auch für die Folgejahre die Entwicklung prägen.

### **East Central Acquisition**

Effective August 1995, AOG acquired production of 250 bopd and 3,300 mcf/d of gas in the \$10 million East Central acquisition. Five months of operating income totalled approximately \$950,000. For 1996, the drilling program and favourable price forecasts suggest that significant gains will be realized in East Central production.

### **Sakwatamau Gas Production**

In the first quarter of 1995, the Company's \$3.6 million facility project was completed with a 1995 cost component of \$1.9 million. This enabled an immediate production increase of 2,000 mcf/d (net to AOG). In August, AOG added a further 1,100 mcf/d of production through this facility. Production levels for 1996 are forecast to continue at high levels.

### **Dispositions**

In December 1995, AOG sold 112 boed of production for \$1.6 million representing minor interests held by the Company in the Provost area. The sale furthered the Company's property rationalization program and reduced the ongoing administrative costs associated with smaller interest properties. Proceeds from the sale were directed towards debt reduction.

### **East Central Akquisition**

Im August 1995 hat AOG für \$10 Mio eine Produktion von 250 bopd Öl und 3'300 mcf/d Gas gekauft, die East Central Akquisition. In den ersten fünf Monaten ergab sich daraus ein Bruttogewinn von \$950'000. Für 1996 wird aufgrund der vorgesehenen Bohrungen und der erwarteten Preiserholung ein weiterer Anstieg erwartet.

### **Sakwatamau Gasproduktion**

Im ersten Quartal des abgelaufenen Jahres konnte dieses Infrastrukturprojekt von insgesamt \$3.6 Mio, wovon \$1.9 Mio im 1995 anfielen, abgeschlossen werden. Die Förderung stieg danach um 2'000 mcf/d (netto für AOG). Im August konnte noch einmal ein Anstieg von 1'100 mcf/d realisiert werden. Für 1996 wird die Produktion auf dieser Höhe bleiben.

### **Verkäufe**

Im Dezember 1995 hat AOG eine Produktion von 112 boed aus kleineren Beteiligungen im Provost-Gebiet für \$1.6 Mio verkauft. Dies im Rahmen des Rationalisierungsprogrammes, bei welchem prozentual kleine Beteiligungen zur Kostenreduktion abgestossen werden sollen. Die Mittel wurden zum Abbau des Fremdkapitals verwendet.

#### CAPITAL EXPENDITURES (000'S) / INVESTITIONEN

	1995	1994
Property acquisitions / Käufe	\$ 10,420	\$ 13,758
Geological and geophysical / Untersuchungskosten	271	47
Drilling and completion / Bohrungen und Anschluss	1,994	1,700
Production equipment and facilities / Einrichtungen und Infrastruktur	2,740	3,823
	\$ 15,425	\$ 19,328

#### OPERATIONS AND CASH FLOW

In 1995, AOG realized significant increases over the prior year including record levels for gross revenue (\$11.6 million; 1994 – \$8.5 million), reserves (7,633 mboe; 1994 – 5,821 mboe), production (645 mboe; 1994 – 431 mboe) and cash flow (\$3.1 million; 1994 – \$2.6 million).

#### OIL OPERATIONS

AOG's oil and NGL production increased 16 percent over 1994 levels to average 960 bopd in 1995. Revenue increased \$1.5 million or 25 percent over 1994 levels and consisted of \$0.9 million attributable to production increases from 830 bopd to 960 bopd and \$0.6 million due to the increase in average oil prices from \$19.88/bbl to \$21.65/bbl and an increase in the average liquids price from \$13.95 to \$17.64. The 1995 average price reflects a weighted average of 91 percent production of conventional crude and nine percent production of heavy crude.

#### BETRIEBLICHES UND CASHFLOW

Im 1995 ist es AOG gelungen, alle wichtigen Größen zu steigern: Bruttoerlös (\$11.6 Mio; 1994 – \$8.5 Mio), Reserven (7'633 mboe; 1994 – 5'821 mboe), Produktion (645 mboe; 1994 – 431 mboe) und Cashflow (\$3.1 Mio; 1994 – \$2.6 Mio).

#### ÖL

AOG's Öl und NGL-Produktion ist um 16 Prozent auf durchschnittlich 960 bopd gestiegen. Der Erlös verbesserte sich um \$1.5 Mio resp. 25 Prozent gegenüber 1994, wovon \$0.9 Mio durch die höhere Menge und \$0.6 Mio durch den besseren Durchschnittspreis von \$21.65/bbl verglichen mit \$19.88 (1994) bedingt waren. Dieser Durchschnittspreis ergibt sich aus ca. 91 Prozent konventionellem Rohöl und 9 Prozent schwerem Rohöl. Die Preisdifferenz zwischen diesen Kategorien betrug 1995 ungefähr \$5.00/bbl. Die Tagesproduktion am letzten Tag des Jahres 1995 betrug 940 bopd, wegen den kürzlichen Verkäufen leicht

Oil Netbacks  
Öl Netbacks  
(\$/boe)



- Royalties / Royalties
- Operating Expense / Betriebskosten
- Netback / Netback

The average price differential for heavy oil in 1995 was approximately \$5.00/bbl. The 1995 exit rate for oil production was 940 bopd, a reduction from the 1994 exit rate due to recent property dispositions. The royalty rate on oil production averaged 18 percent, a decrease of four percent from 1994 due to royalty holidays. Operating costs fell slightly due to continued concentration on cost control on all operated properties. As a result of these factors, the 1995 oil netback was \$12.40/boe compared to a 1994 rate of \$9.56/boe. During 1995, approximately 40 percent of AOG's oil production was hedged. The strong market pricing of oil late in 1995 resulted in a small loss of \$13,000 on the fixed price hedges for the year.

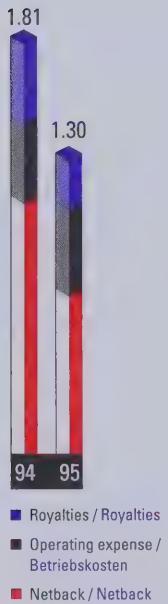
weniger als Ende 1994. Die durchschnittlichen Royalties betrugen 18 Prozent, aufgrund von Royalty-Freistellungen 4 Prozent weniger als letztes Jahr. Die Förderkosten sind leicht gesunken, dank der verstärkten Kostenkontrolle bei den selbstverwalteten Anlagen. Als Resultat dieser Faktoren betrug der Netback beim Öl \$12.40/boe, verglichen mit \$9.56 vom Vorjahr. Ungefähr 40 Prozent der Produktion wurde 1995 im Rahmen von Festpreisvereinbarungen verkauft, wobei dadurch verglichen mit dem freien Preis per Ende Jahr ein theoretischer kleiner Verlust von \$13'000 entstand.

NETBACKS / NETBACKS	1995	1994	1993
Combined revenue / Kombinierter Erlös	\$ 17.92	\$ 19.68	\$ 19.19
Royalties / Royalties	(3.08)	(3.15)	(3.14)
Operating costs / Betriebskosten	(4.43)	(5.16)	(6.46)
Operating netback / Betriebs-Netback	\$ 10.41	\$ 11.37	\$ 9.59
General and administrative expense / Verwaltungskosten	(3.34)	(3.50)	(4.33)
Interest / Kapitalkosten	(2.31)	(1.89)	(1.98)
Cash netback / Cash-Netback	\$ 4.76	\$ 5.98	\$ 3.28

OTHER (000'S) / ÜBRIGES

Capital expenditures / Investitionen	\$ 15,425	\$ 19,328	\$ 2,520
Debt / Fremdkapital	19,633	11,004	4,998
Equity / Eigenkapital	10,680	15,175	7,775
Market capitalization / Börsenkapitalisierung	21,030	22,014	11,285
Net asset value per share / Nettovermögen pro Aktie	\$ 0.23	\$ 0.33	\$ 0.35

Gas Netbacks  
Erdgas Netbacks  
(\$/mcf)



## GAS OPERATIONS

Natural gas production increased 130 percent from 1994 levels to average 8,079 mcf/d with an exit rate of 10,800 mcf/d (4,648 mcf/d exit from 1994). The 1995 gas price averaged \$1.30/mcf, a 28 percent reduction from the \$1.81/mcf realized in 1994. Accordingly, the \$1.5 million (65 percent) increase in total gas revenue over 1994 consists of \$3.0 million attributable to an increase in volume offsetting a loss in revenue totaling \$1.5 million due to lower gas prices. AOG did not hedge any of its gas production in 1995.

The 1995 gas production netback was \$0.70/mcf, a 36 percent decrease from the 1994 level of \$1.10/boe. Gas prices fell throughout much of 1995, reaching a low point in August of \$1.06/mcf. This price factor more than offset improvements in operating efficiencies resulting in a reduced netback. The average royalty rate decreased three percent. The operating costs for the natural gas properties average \$0.38/mcf to exhibiting the low cost characteristics of shallow gas which is predominant in both Cache/Clay and East Central.

## PROCESSING REVENUE

Processing revenue increased by \$268,000 over 1994 to total \$397,000 due to ownership in facilities at both Cache/Clay and East

## GAS

Die Gasproduktion ist um 130 Prozent auf 8'079 mcf/d mit einer Schlussförderung von 10'800 mcf/d gestiegen. Der Preis kam im Durchschnitt auf \$1.30/mcf zu stehen, 28 Prozent weniger als 1994 (\$1.81/mcf). Demzufolge besteht der Mehrerlös von total \$1.5 Mio aus der Mengensteigerung von \$3 Mio und dem Preisverlust von \$1.5 Mio. Im 1995 wurde kein Gas im Rahmen von festen Preisvereinbarungen verkauft. Der Netback betrug \$0.70/mcf, 36 Prozent weniger als die \$1.10/mcf von 1994. Der Preis fiel beinahe im ganzen Jahr, mit einem Tiefpunkt von \$1.06/mcf im August. Auch mit der Rationalisierung der Produktion konnte die Auswirkung auf den Netback nicht verhindert werden. Die Royalties lagen 3 Prozent tiefer als früher. In East Central und Cache/Clay liegt das Gas nicht allzu tief, weshalb die Förderkosten günstig sind.

## VERARBEITUNGSERLÖSE

Sie stiegen um \$268'000 auf einen Gesamtbetrag von \$397'000 aufgrund der Akquisitionen Cache/Clay und East Central. Die Gesellschaft hält einen durchschnittlichen Anteil von 25 Prozent in 41 Anlagen und betreibt selber 9 von ihnen. Im Rahmen der

Central. The Company has an average working interest of 25 percent in 41 facilities and operates nine of these. Processing revenue is ancillary to the Company's primary objective of securing cost effective processing capacity. Processing revenue is treated as an operating cost recovery.

## GENERAL AND ADMINISTRATIVE COSTS

General and administrative costs decreased by five percent per boe and are expected to reduce substantially on a boe basis in 1996 as management continues to focus on cost control. Total overhead costs increased 43 percent to \$2,158,000 primarily as a result of increased staffing and related costs required to administer acquired properties. Also contributing to higher total general and administrative costs were increased efforts in raising AOG's profile to domestic and foreign investors and reduced third party recoveries due to diminished capital activity on operated properties. Consistent with many junior oil and gas producers, it is AOG's policy to capitalize general and administrative costs which relate to acquisition, exploration and development activities. In 1995, a total of \$687,000 was capitalized (1994 – \$492,000) representing 24 percent of gross administrative costs (1994 – 24 percent).

Kostenkontrolle ist die Effizienz der Verarbeitung sehr wichtig; die Verarbeitungserlöse werden als Betriebskostenverrechnung behandelt.

## VERWALTUNGSKOSTEN

Die Verwaltungskosten haben auf boe-Basis um 5 Prozent abgenommen und werden 1996 nochmals deutlich sinken, da weiter rationalisiert wird. Absolut gesehen lagen die Kosten mit \$2'158'000 um 43 Prozent über dem Vorjahr, unter anderem weil die Integration der neuen Landrechte und Anlagen Mehrkosten verursacht hat, und auch zusätzliches Personal bedingte. Auch AOG's Bemühungen, bei Investoren im In- und Ausland an Profil zu gewinnen, haben sich in einer Erhöhung niedergeschlagen. Außerdem ist die Verrechnung an Dritte durch das verschobene Investitionsprogramm zurückgegangen. Wie die meisten jüngeren Öl- und Gasfirmen aktiviert auch AOG jenen Teil der Verwaltungskosten, der eindeutig den Akquisitionen und dem Ausbauprogramm zugeordnet werden kann. Im 1995 waren dies \$687'000 (1994 - \$492'000), was 24 Prozent des Gesamtbetrages ausmacht (1994 - 24 Prozent).

Our financial goals are to achieve record earnings, to reduce debt and to complete new equity issues in Canada and in Europe.

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Im Bereich der Finanzierung bleiben die Hauptziele hohe Gewinne, die Reduktion des Fremdkapitals und Aktienemissionen in Kanada und Europa.

## INTEREST, LONG-TERM DEBT AND FINANCIAL EXPENSES

It is management's strategy to debt finance a portion of acquisition and development expenditures where such financing can be supported by cash flow from low risk reserves. In 1995, this strategy was complicated by a very tight domestic equity market for small capitalization junior oil and gas companies. In Europe, foreign investors were hesitant due to uncertainty over Canada's political stability, stemming from the Quebec independence referendum. These combined market conditions forced the Company to rely on debt for a greater proportion of the acquisition and development programs than would otherwise be warranted, resulting in a 78 percent increase in total long-term debt and a commensurate increase in interest expense.

Despite tight equity markets, in August 1995 AOG completed a European private placement for gross proceeds of \$2.0 million for the East Central acquisition financing. A two-part domestic flow through share issue for gross proceeds of \$1.0 million was completed to finance a portion of the development program. The Company has deferred \$200,000 of costs related to foreign financing activities which were not completed in 1995.

## ZINSEN, LANGFRISTIGES FREMDKAPITAL UND FINANZKOSTEN

Es ist die Strategie des Managements, einen Teil der Akquisitionen und Investitionen mit Fremdkapital zu finanzieren, wenn der zu erwartende Cashflow genügend hoch ist und aus Reserven mit geringem Risiko anfällt. Im vergangenen Jahr war der kanadische Eigenkapitalmarkt sehr eng. Insbesondere europäische Investoren haben aufgrund der politischen Unsicherheiten im Zusammenhang mit dem "Quebec"-Referendum gezögert, Kapital in Kanada anzulegen. Dadurch war die Gesellschaft gezwungen, einen grösseren Anteil Fremdkapital aufzunehmen als ursprünglich geplant, wodurch die langfristige Verschuldung um 78 Prozent stieg.

Trotz der beschriebenen Schwierigkeiten ist es AOG gelungen, im August 1995 in Europa eine Privatplatzierung von \$2.0 Mio zu realisieren. Ausserdem konnten durch ein steuerbegünstigtes Programm (Flow-through-shares) in Kanada \$1.0 Mio aufgenommen werden, zur teilweisen Finanzierung des Development-Programmes. Die Firma hat \$200'000 aktivierte Kosten im Zusammenhang mit noch nicht abgeschlossenen Finanzierungen. Für 1996 steht die Schuldenreduktion

It is a top priority to reduce debt levels in 1996, through a combination of domestic and foreign equity issues, dispositions and operating cash flow. A 1:1 debt to equity ratio is targeted.

zuoberst auf der Prioritätenliste. Mittelfristig soll das Verhältnis zwischen Fremdkapital und Eigenkapital 1:1 betragen, was 1996 durch Aktienemissionen in Kanada und Europa, durch Verkäufe von Anlagen und durch den Cashflow erreicht werden kann.

## DEPLETION AND ABANDONMENT PROVISIONS

In 1995, the Company was required to write down its oil and gas properties by \$6.0 million as a result of a "ceiling test". This test is required under industry accounting policies and stipulates that the carrying value of the properties be supported by an estimate of total future net cash flows (based on current proved reserves and constant prices) after adjustment for future administrative, financing and tax costs. The proportion of the Company's proved reserves decreased in the year due in part to reduced development drilling caused by low gas prices. The 1995 development spending concentrated instead on facility and infrastructure development. This factor, plus a reduced gas price relative to prior years, caused the Company to take a 16 percent writedown of its asset carrying value. Management believes that the 1996 development program will result in substantial reserve additions due to its focus on reserve creation.

## ABSCHREIBUNGEN UND RÜCKSTELLUNGEN FÜR VERLASSENE BOHRSTELLEN

Die Gesellschaft musste 1995 als Resultat des "Ceiling Test" eine außerordentliche Abschreibung von \$6.0 Mio auf ihren Öl- und Gasreserven in Kauf nehmen. Der Ceiling Test ist eine handelsrechtliche Bewertungsmethode nach dem Niederstwertprinzip. Die Berechnungen müssen im Rahmen der jährlichen Revision erstellt werden und gehen davon aus, dass die Reserven in der Bilanz nicht höher bewertet sein dürfen, als der abgezinste Cashflow (auf der Basis von bewiesenen Reserven und aktuellen Preisen) abzüglich aller Verwaltungskosten, Zinsen und Steuern. Da die tiefen Gaspreise dazu führten, dass das Ausbauprogramm verschoben wurde, musste eine Reduktion der bewiesenen Reserven in Kauf genommen werden. Die Investitionen im 1995 waren eher der allgemeinen Instandstellung und dem Ausbau der Infrastruktur gewidmet. Dies führte zusammen

Management estimates the future liability for the abandonment and reclamation of well sites and facilities to total \$4.2 million of which \$800,000 has been provided to the end of 1995; the balance will be expensed over the remaining life of the associated reserves.

Consistent with industry practice, the estimated future costs are not discounted even though they may be incurred many years in the future. Actual abandonment costs reduce the accumulated liability.

mit dem tieferen Gaspreis zu einem Wertberichtigungsbedarf von 16 Prozent. Das Management ist davon überzeugt, dass das 96er Investitionsprogramm aufgrund der Zielsetzung wieder einen deutlichen Mehrwert bei den Reserven ergeben wird.

Die Firmenleitung schätzt die zukünftigen Kosten für die Wiederherstellung verlassener Bohrstellen auf insgesamt \$4.2 Mio, wovon Ende 1995 der Betrag von \$800'000 bereits zurückgestellt ist. Der Restbetrag wird über die kommenden Jahre im Rahmen der Lebensdauer der Reserven ebenfalls noch berücksichtigt. Diese Kosten werden gemäss gängiger Praxis nicht abgezinst, obwohl sie erst in einigen Jahren zum Tragen kommen werden. Effektiv ausgegebene Wiederherstellungskosten wurden 1995 zu Lasten dieses Kontos verbucht.

## TAX EXPENSE

The tax expense is comprised of the federal Large Corporations Tax and the Saskatchewan Corporate Capital Tax and Resource Surcharge. The 1995 federal tax is based on an effective rate of 0.221 percent of taxable capital. Taxable capital is a defined calculation based primarily on net equity and long-term debt. The Saskatchewan tax is

## TAX POOLS (000'S) / STEUERPOOL

CATEGORY	RATE	1995	1994
CCOGPE	10%	\$ 16,718	\$ 12,098
CCDE	30%	6,776	6,066
CCEE	100%	820	1,808
Tangible	10% – 25%	13,944	8,384
Other	5 years	468	331
		\$ 38,726	\$ 28,687

effectively 3.6 percent of resource sales generated in that province.

AOG is not currently taxable on its income and does not anticipate being subject to income tax in 1996 due to accumulated resource pools aggregating \$38.7 million at December 31, 1995. The rate of amortization of these pools ranges from 10 percent to 100 percent. The excess of the tax value of the resource pools over the corresponding book value of the oil and gas assets results in a future tax saving. The benefit of this saving has not been reflected in the financial statements as there is no certainty as to the timing of realization of the benefit.

In 1995, AOG renounced \$805,000 of development expenditures in fulfillment of its obligation under two 1995 flow through share agreements. AOG has approximately \$1.5 million of successored tax pools and cash flow from the affected properties is sufficient to not restrict tax pool claims.

## LIQUIDITY AND CAPITAL RESOURCES

Traditionally AOG has enjoyed strong support for its equity issues in Europe where it has a very strong and loyal shareholder base. Due to unexpected tightening of both the domestic and foreign equity markets,

## STEUERN

Die bezahlten Steuern hängen mit einer Anlage in Saskatchewan und einer Bundes-Körperschaftssteuer zusammen. Diese Bundessteuer basiert auf 0.221 Prozent auf dem steuerbaren Kapital, welches wiederum auf dem Eigenkapital und den langfristigen Verbindlichkeiten berechnet wird. Die Saskatchewan-Steuer basiert auf dem Erlös, der in dieser Provinz erzielt wird. AOG hat daneben keinen steuerbaren Erlös im Jahre 1995, und auch nicht im nächsten Jahr. Der steuerlich absetzbare Abschreibungspool beträgt \$38.7 Mio per 31. Dezember 1995. Die verschiedenen anwendbaren Abschreibungsätze betragen zwischen 10 und 100 Prozent. Obwohl der Pool grösser ist als der aktuelle Buchwert (und damit in Zukunft noch grössere steuerliche Vorteile bestehen), wurde dies im Abschluss nicht berücksichtigt, da die rechtzeitige Realisierung dieses Vorteils nicht sicher ist. 1995 hat AOG von seinem Abschreibungspool den Betrag von \$805'000 im Rahmen einer Aktienemission an neue kanadische Aktionäre weitergegeben.

## LIQUIDITÄT UND FINANZIERUNG

AOG hat traditionell bei seinen Aktienemissionen eine starke Unterstützung

AOG's debt levels increased relative to the prior year. Shortly after year-end, the Company's line of credit was extended to \$15.2 million enabling the Company to replace other debt which bridge financed the East Central acquisition.

Management will actively pursue additional equity placements in 1996 to replace a portion of the debt including the bonds which mature later in the year. The 1996 capital budget could be funded entirely by cash flow from operations if necessary.

Current credit facilities have been drawn under conservative assumptions and the financial covenants have been met. Accordingly, the Company expects that the credit line will continue to be extended such that no repayment is required in 1996.

von - vor allem europäischen - Investoren genossen. Aufgrund verschiedener Umstände waren die Kapitalmärkte im 1995 aber ziemlich angespannt, weshalb der Eigenfinanzierungsgrad per Jahresende, kurz nach der Akquisition, ziemlich tief lag, besonders auch die kurzfristige Kennzahl. Bereits im Januar konnte der Überbrückungskredit dank einer Limitenerhöhung der Hausbank teilweise wieder abgebaut werden. Das Management hat für 1996 verschiedene Pläne bezüglich Kapitalerhöhungen, mit denen das Fremdkapital abgebaut werden soll (auch die Obligationenanleihe, die im Oktober zur Rückzahlung fällig wird). Die bestehenden Kreditlimiten basieren auf konservativen Annahmen und die Rahmenbedingungen wurden eingehalten. Demzufolge nimmt man an,

#### CAPITAL EXPENDITURES FUNDING (000'S) / FINANZIERUNG DER INVESTITIONEN

	1995	1994
Cash flow from operations / freier Cashflow	\$ 3,315	\$ 3,727
Net change in working capital / Veränderung des Nettoumlauvermögens	(792)	(1,718)
Issue of common shares / Ausgabe von Aktien	2,630	7,764
Increase in long-term debt / Erhöhung lanfristiges Fremdkapital	8,629	6,006
Proceeds from property dispositions / Erlös aus Anlagen-Verkauf	1,643	3,549
	\$ 15,425	\$ 19,328

NET ASSET VALUE (000'S) / NETTOVERMÖGEN	1995	1994
Proved and probable reserve value <sup>1</sup> / Bewiesene und wahrscheinliche Reserven <sup>1</sup>	\$ 35,264	\$ 32,142
Land and ARTC / Land und ARTC	4,894	4,039
	40,158	36,181
Working capital / Umlaufvermögen	(276)	(401)
Total non-current liabilities / Total langfristige Schulden	(20,244)	(11,283)
Net asset value / Nettovermögen	\$ 19,638	\$ 24,497
Net asset value per common share – basic (\$) Nettovermögen pro Aktie (\$)	\$ 0.23	\$ 0.33

<sup>1</sup> Based on 15 percent discounted cash flow, using escalating prices and cost assumptions for proved and unrisked probable reserves and plant processing as determined by independent petroleum engineers at December 31, 1995. <sup>1</sup> Basierend auf dem zukünftigen Cashflow, abgezinst mit 15 Prozent, gerechnet mit steigenden Preisen und Annahmen betr. Förderkosten für bewiesene und nicht-risikogewichtete, wahrscheinliche Reserven und Verarbeitungserlöse gemäss Schätzungsbericht vom 31. Dezember 1995 von unabhängigen Spezialisten.

The 1995 capital expenditure program was financed by cash from operations, a flow through share issue and by drawing on the bank credit line. The 1995 Provost disposition proceeds were applied to reduce the working capital deficiency. AOG continues to critically evaluate its current property base in order to maximize working interests and returns from core areas and to eliminate the direct and indirect costs of maintaining small working interests in non-core areas.

At year-end, AOG had 84,118,194 shares outstanding (1994 – 73,380,917), or 77,091,825 on a weighted average basis (1994 – 54,573,459). The voting convertible incentive shares were redeemed in 1995 for \$0.01 per share.

dass sie auch 1996 weiterbestehen bleiben. Die Investitionen für 1995 wurden aus dem Cashflow, der erwähnten Aktienemission in Kanada und der Kreditlimite finanziert. Der Verkauf von Anlagen im Provost-Gebiet wurde zur Verbesserung der Liquidität verwendet. AOG wird auch in Zukunft Verkäufe von kleineren Beteiligungen vornehmen, um die damit zusammenhängenden Kosten abzubauen.

Am Jahresende hatte AOG 84'118'194 Aktien ausstehend (1994 - 73'380'917) resp. durchschnittlich gewichtet 77'091'825 (1994 - 54'573'459). Die 'Voting Convertible Incentive Shares' wurden 1995 zu einem Preis von \$0.01 pro Aktie zurückbezahlt.

## BUSINESS RISKS

Participation in the energy industry comes with certain inherent risks. AOG works to manage these risks in such a way that value is created for the maximum benefit of the shareholder. Risks which may be managed to some degree include: exploration and development risk; sales risk; price risk; financing risk; and environmental liability.

Exploration and development risk is addressed initially through the corporate strategy AOG has chosen of growth through acquisition with follow-up development. The risk is also reduced through:

- employing high quality staff;
- increasing operational control;
- focusing in core areas of expertise;
- employing leading edge technology; and
- maintaining adequate levels of insurance coverage.

Sales risk is minimized by maximizing volumes of operated production or production taken in kind, thereby enabling AOG to perform the marketing function. Oil contracts are 30-day netback contracts based on average monthly prices. AOG's gas contracts are generally mid to long-term contracts with major

## GESCHÄFTSRISIKO

Eine Beteiligung an der Öl- und Gasindustrie ist mit gewissen Risiken verbunden. AOG gelingt es, diese Risiken zu minimieren und das Geschäft so zu betreiben, dass es zum Wohle der Aktionäre Ertrag abwirft. Die Risiken, die bis zu einem gewissen Grad minimiert werden können, sind: Risiko bei Such- oder Erweiterungsbohrungen, Verkaufsrisiko, Preisrisiko, Finanzierungsrisiko und Umweltrisiken.

Die Risikominimierung bei Such- und Erweiterungsbohrungen wird durch eine klare Geschäftspolitik erreicht, wonach man sich auf die Akquisition von bestehenden Reserven und den darauffolgenden Ausbau konzentriert. Außerdem durch:

- gut ausgebildetes Personal;
- mehr selbstverwaltete Anlagen;
- Konzentration auf Kerngebiete;
- Anwendung neuester Technologien; und
- Abschluss adäquater Versicherungen.

Das Verkaufsrisiko wird gemindert, indem vor allem die Produktion bei den selbstverwalteten Anlagen erhöht wird, um den Verkauf selber vornehmen zu können. Lieferverträge für Öl basieren auf Monatsdurchschnittspreisen

aggregators with pricing determined on a net-back basis relative to the aggregator's received prices.

Product prices are dictated by domestic and international supply and demand forces beyond the control of AOG. Price risk is mitigated to the extent possible by:

- maintaining a balanced asset mix;
- minimizing finding, on-stream and operating costs; and
- employing hedging strategies to minimize price downside risk.

Management's hedging strategy is one of managing financial risk – AOG will hedge prices when they reach a level considered acceptable to enable the Company to reach certain budget targets. This enables management to pursue capital programs in a consistent manner. Hedging can result in an opportunity cost to the Company and to ensure that hedging strategies are consistently applied, the Board of Directors ultimately determines the parameters under which the hedging program will be executed.

und werden mit grossen Abnehmern jeweils mittel- bis langfristig abgeschlossen.

Generell sind aber die Preise abhängig von der weltweiten Nachfrage, welche grösstenteils durch AOG nicht beeinflussbar sind. Trotzdem gibt es auch hier Risikoreduktionen durch:

- Beibehaltung der Strategie betr. Aufteilung Öl und Gas,
- Minimierung der Erschliessungskosten, der Anschlusskosten und der Förderkosten; und
- Verkäufe zu Festpreisen zur Minimierung des Einflusses von Preisstürzen

Diese Fixpreisverkäufe sind ein Mittel mit dem finanziellen Risiko fertigzuwerden. AOG wird demzufolge solche festen Vereinbarungen abschliessen, wenn der Preis die Erreichung des Budgets ermöglicht. Weil durch solche Verträge natürlich auch Upside verloren gehen kann, werden die der Geschäftsleitung vorgegebenen Parameter vom Verwaltungsrat regelmässig überprüft.

For 1996, AOG has oil hedges in place which fix the price at or near budget levels on approximately 50 percent of the forecast volume for the year. These hedges include both fixed US and Canadian prices. AOG has also fixed a NYMEX based price on approximately one third of its projected 1996 gas production.

AOG recognizes the potential risk to the environment inherent in its business activities. AOG's Board of Directors has, on behalf of the Company's shareholders, adopted a formal environmental policy. Senior management supports the policy and is responsible for implementing it throughout the organization. The Company conducts its business operations in compliance with all provincial and federal operational and environmental regulations.

Für 1996 hat AOG ungefähr 50 Prozent der Ölproduktion zu Budgetpreisen fest verkauft, wobei nicht nur der Preis in kanadischen Dollars, sondern auch in US\$ fixiert ist. Beim Gas beträgt die Hedging-Menge ca. einen Drittel der Förderung und basiert auf dem NYMEX-Preis.

AOG anerkennt das potentielle Umweltrisiko seiner Tätigkeit. Aus diesem Grund hat der Verwaltungsrat schon seit langem eine entsprechende Geschäftspolitik und Sicherungsprozeduren festgelegt. Das obere Kader der Gesellschaft ist für die Durchsetzung der Regeln verantwortlich. Die Firma führt ihren Betrieb in Übereinstimmung mit allen Provinz- und Bundesgesetzen und -verordnungen.

PRICE-PRODUCT SENSITIVITY / PREIS-PRODUKT SENSITIVITÄT	Price change		Production change	
	+\$1 oil/bbl	+\$0.10 gas/mcf	100 bbls/oil	1000 mcf/gas
Cash flow / Cashflow	+\$231	+\$473	+\$391	+\$236
Earnings / Gewinn	+\$231	+\$473	+\$178	+\$ 22

## OUTLOOK

AOG anticipates an exciting year in 1996 based on a forecast of higher prices and development plans for the recently acquired properties. It will also continue to concentrate on rationalizing the property base to maximize working interests and to reduce the related debt load.

## Oil Revenues

The Company has budgeted several major oil development projects in 1996. Management expects that the 1996 oil price will be comparable to our 1995 average, with conventional crude prices being very comparable to year-end prices and heavy oil incurring a slightly higher differential than the 1995 average. Royalties will remain relatively consistent with 1995. Operating expenses may increase slightly as cost reduction floors on mature properties are impacted by production declines.

## AUSSICHTEN

Im Hinblick auf die angenommene Preisentwicklung und das Ausbauprogramm für die kürzlich erworbenen Anlagen geht AOG enthusiastisch ins 1996. Die Konzentration auf die Rationalisierung der Anlagen, auf die Maximierung der Beteiligungen und die Reduktion des Fremdkapitals bilden weitere wichtige Ziele.

## Ölumsatz

AOG hat mehrere grössere Ausbaupläne für die Ölproduktion. Es wird erwartet, dass sich der Preis in etwa auf der Höhe von 1995 bewegen wird, mit etwas grösserem Unterschied zwischen normalem und Schweröl. Auch die Royalties werden sich nicht stark verändern. Die Betriebskosten könnten leicht steigen, weil die angestrebten Kostenreduktionen durch die zurückgehende Menge kompensiert wird.

### Gas Revenues

Major gas development projects scheduled for 1996 will cause a substantial increase to our current production of 10,800 mcf/d. Canadian gas prices are expected to average higher than in 1995.

The average royalty rate is expected to reduce slightly with new production eligible for ARTC recoveries. AOG will continue to focus on improving field costs.

The Company has established an excellent asset base for growth in 1996 and beyond.

Wir haben eine ausgezeichnete Basis für Wachstum im 1996 und in den Folgejahren.

### Gasumsatz

Die Ausbaupläne beim Gas werden die Produktion deutlich ansteigen lassen. Die Preise sollten gegenüber 1995 leicht steigen. Die Royalties werden im Durchschnitt auch tiefer liegen, weil die neue Produktion Steuerrückforderungen ermöglicht. AOG wird weiter an einer Reduktion der Förderkosten arbeiten.

### Verwaltungskosten

#### General and Administrative Expenses

Cost control remains a primary focus with the expectation that total general and administrative costs will remain at 1995 levels and therefore a significant reduction on a boe basis will be experienced.

Die starke Kostenkontrolle wird dazu führen, dass keine absolute Kostensteigerung entsteht. Dank gleichzeitig höherer Förderung sollten die Aufwendungen pro boe zurückgehen.

### Zinsen

#### Interest

Interest costs are anticipated to increase as the Company will carry a higher average debt load. However, interest cost per boe will reduce as the financing mix is improved.

Die Zinsen werden durch die höhere Verschuldung steigen, während der Zins pro boe zurückgehen wird.

## **Depletion, Depreciation and Amortization**

Total depletion and abandonment costs will rise as a consequence of increased production levels. The entry rate for 1996 is estimated at \$6.30/boe. The 1996 development program is geared to new reserve creation, which should result in a reduced average rate for the year.

## **Income Tax**

The Company has sufficient tax pools to offset current taxes for the next several years based on current cash flow projections and development plans. AOG will continue to be subject to federal Large Corporations Tax and Saskatchewan Resource Surcharge.

## **Abschreibungen**

Die erforderlichen Abschreibungen erhöhen sich mit der steigenden Produktion. Anfangs 1996 werden pro geförderten boe Abschreibungen von \$6.30 notwendig sein. Dieser Durchschnitt kann durch die Schaffung von neuen Reserven im Rahmen des Ausbau-programmes von 1996 reduziert werden.

## **Ertragssteuern**

Die Gesellschaft hat einen genügend grossen Abschreibungs pool um in den nächsten Jahren keine Ertragssteuern bezahlen zu müssen. Die früher erwähnte Körperschaftssteuer und die Saskatchewan Steuern werden weiterhin anfallen.

The accompanying financial statements and all information in this annual report are the responsibility of management. The financial statements have been prepared by management in accordance with generally accepted accounting principles, and in the opinion of management, present fairly the financial position and results of operations of the Company within acceptable limits of materiality. Financial and operating information presented elsewhere in the annual report is consistent with the results summarized in the financial statements.

Management maintains appropriate systems of internal controls to safeguard assets and enable accurate and timely financial and operational reporting. The accuracy of the financial reporting has been examined by external auditors. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for stewardship and financial reporting and is ultimately responsible for reviewing and approving the financial statements.


 A handwritten signature in black ink, appearing to read "Hodel".

**Josef Hodel**  
President and Chief Executive Officer


 A handwritten signature in black ink, appearing to read "Catherine J. Buck".

**Catherine J. Buck**  
Vice-President, Finance

## AUDITORS' REPORT TO SHAREHOLDERS

We have audited the balance sheets of ALBERTA Oil and Gas Limited as at December 31, 1995 and 1994 and the statements of operations, retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1995 and 1994 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.


 The logo for KPMG Peat Marwick Thorne, featuring the company name in a stylized, cursive font.

**KPMG Peat Marwick Thorne**  
Chartered Accountants – Calgary, Canada  
March 1, 1996

# BALANCE SHEETS BILANZEN

As at December 31 / Jeweils per 31. Dezember

## ASSETS / AKTIVEN

	1995	1994
Current assets / Umlaufvermögen		
Cash / Bargeld	\$ 160,072	\$ 41,060
Accounts receivable / Forderungen	3,861,596	3,069,400
	4,021,668	3,110,460
Property, plant and equipment (note 2) / Land, Verarbeitungsanlagen, Ausrüstungen	30,964,689	26,794,940
Deferred charges (note 3) / Rechnungsabgrenzungen	236,253	64,327
	\$ 35,222,610	\$ 29,969,727

## LIABILITIES AND SHAREHOLDERS' EQUITY / VERBINDLICHKEITEN/EIGENKAPITAL

Current liabilities / Kurzfristiges Fremdkapital		
Accounts payable and accrued liabilities / Kreditoren	\$ 4,219,701	\$ 3,441,126
Taxes payable / Steuern zahlbar	78,302	70,118
	4,298,003	3,511,244
Long-term debt (note 4) / Langfristiges Fremdkapital	19,633,395	11,004,365
Deferred abandonment and restoration costs / Rückstellungen für verlassene Bohrstellen und Wiederherstellungskosten	611,058	278,673
	\$ 24,542,456	\$ 14,794,282
Share capital (note 5) / Aktienkapital	\$ 20,417,708	\$ 17,787,869
Retained earnings / Ergebnisvortrag	(9,737,554)	(2,612,424)
	\$ 10,680,154	\$ 15,175,445
	\$ 35,222,610	\$ 29,969,727

Commitments (note 7)

On behalf of the Board:

  
Director

  
Director

# STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

## ERFOLGSRECHNUNG



For the years ended December 31 / Jeweils per 31. Dezember

### REVENUE / ERLÖS

	1995	1994
Oil / Öl	\$ 7,672,970	\$ 6,129,119
Gas / Gas	3,887,254	2,353,749
	11,560,224	8,482,868
Net royalties / Netto-Royalties	(1,989,352)	(1,358,546)
	\$ 9,570,872	\$ 7,124,322

### EXPENSES / AUFWAND

Operating / Produktion	\$ 2,860,643	\$ 2,222,849
General and administrative (note 8) / Verwaltungskosten	2,157,204	1,510,199
Interest – long-term / Langfristige Zinsen	1,493,562	816,462
Provision for abandonment and restoration / Rückstellungen für verlassene Bohrstellen und deren Wiederherstellung	392,000	235,000
Depletion, depreciation and amortization (note 2) / Abschreibungen	9,665,093	2,544,660
Loss – before taxes / Reinergebnis (Verlust) vor Steuern	(6,997,630)	(204,848)
Taxes – current (note 6) / Steuern	(127,500)	(86,000)
Net loss / Reinergebnis (Verlust)	\$ (7,125,130)	\$ (290,848)
Retained earnings – beginning of year / Ergebnisvortrag am Anfang des Jahres	\$ (2,612,424)	\$ (2,321,576)
Retained earnings – end of year / Ergebnisvortrag am Ende des Jahres	\$ (9,737,554)	\$ (2,612,424)
Net loss per share / Reinergebnis (Verlust) pro Aktie	\$ (0.092)	\$ (0.005)

# STATEMENTS OF CHANGES IN FINANCIAL POSITION

## KAPITALFLUSSRECHNUNG

For the years ended December 31 / Jeweils per 31. Dezember

### CASH PROVIDED BY OPERATIONS / CASH FLOW

	1995	1994
Net loss / Reinergebnis (Verlust)	\$ (7,125,130)	\$ (290,848)
Charges not affecting cash / Aufwendungen ohne Einfluss auf Cash		
Depletion, depreciation and amortization / Abschreibungen	9,665,093	2,544,660
Provision for abandonment and restoration / Rückstellungen für verlassene Bohrstellen und deren Wiederherstellung	392,000	235,000
	\$ 2,931,963	\$ 2,488,812
Changes in non-cash working capital / Änderungen in Nichtcash-Positionen des Umlaufvermögens	383,129	1,237,732
	\$ 3,315,092	\$ 3,726,544

### FINANCING ACTIVITIES / FINANZIERUNG

Issue of common shares / Ausgabe von Stammaktien	\$ 2,629,839	\$ 7,763,998
Increase in long-term debt / Langfristige Verpflichtungen	8,629,030	6,006,035
	\$ 11,258,869	\$ 13,770,033

### INVESTING ACTIVITIES / INVESTITIONEN

Property, plant and equipment / Land, Verarbeitungsanlagen, Ausrüstungen	\$ (15,425,015)	\$ (19,328,154)
Proceeds of sale / Verkäufe	1,643,266	3,549,417
Changes in non-cash working capital relating to investing activities / Änderungen in Nichtcash- Positionen des Anlagevermögens	(388,566)	(1,576,638)
Abandonment costs / Wiederherstellungskosten	(59,615)	(123,127)
Deferred charges / Rechnungsabgrenzungen	(225,019)	(15,769)
	\$ (14,454,949)	\$ (17,494,271)

### CASH / CASH

Increase / Zunahme	\$ 119,012	\$ 2,306
Beginning of year / Anfang des Jahres	41,060	38,754
End of year / Ende des Jahres	\$ 160,072	\$ 41,060

# NOTES TO THE FINANCIAL STATEMENTS



## Note 1 Petroleum and Natural Gas Properties

### Summary of Significant Accounting Policies

The Company follows the full cost method of accounting in accordance with the guidelines issued by the Canadian Institute of Chartered Accountants, whereby all costs associated with the exploration and development of oil and gas reserves are capitalized. Capitalized costs include acquisition costs, all exploration related costs, development costs of both productive and unproductive wells and administration costs to the extent they can reasonably be considered to relate to these activities. Gains or losses arising from the disposition of oil and gas properties are accounted for as a reduction to the capitalized costs unless this treatment would result in a significant change in the rate of depletion in which case the gain or loss would be reported in earnings.

Capitalized costs are depleted using the unit-of-production method, based on total proved oil and gas reserves, before royalties, as determined by independent consulting engineers. For purposes of the depletion calculation, oil and gas reserves are converted to a common unit of measure. The carrying values of undeveloped properties are excluded from the depletion calculation.

In applying the full cost method, the Company performs a ceiling test which limits the capitalized costs, net of accumulated depletion and depreciation, to an amount equal to the estimated undiscounted value of future net revenues from proven oil and gas reserves, based on year end prices and costs, and after deducting estimated future general and administrative expenses, future abandonment and site restoration costs, financing costs and income taxes.

The Company periodically reviews the costs associated with undeveloped properties to determine whether the costs will be recoverable. An impairment allowance is made if the results of the review indicate an impairment has occurred.

An estimate of future abandonment and restoration costs is provided for using the unit-of-production method. Costs are estimated based on current regulations, expenditures, technology and industry standards. Actual abandonment and site restoration costs are charged to the accumulated provision account.

A substantial portion of the Company's exploration and development activities are conducted jointly with others. The financial statements reflect only the Company's proportionate interests in such activities.

Certain gas plants where Company-owned reserves are being processed through the plants are being depleted using the unit-of-production method. A gas plant where the Company earns processing income is depreciated over its useful life using the declining balance method at a rate of 10 percent per year, after adjustment for the estimated salvage value.

The amounts recorded for depletion and depreciation of property, plant and equipment and the provision for future site restoration costs are based on estimates. The cost ceiling is based on such factors as estimated proved reserves, production rates, oil and natural gas prices and future costs. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements of future periods could be material.

Note 2 Property, Plant and Equipment	DECEMBER 31, 1995	Accumulated Depreciation and Depletion \$			Net Book Value \$
		Cost \$	Depreciation and Depletion \$	Net Book Value \$	
	Petroleum and natural gas properties	34,589,784	12,834,108	21,755,676	
	Production equipment and facilities	12,859,349	3,650,336	9,209,013	
		47,449,133	16,484,444	30,964,689	
DECEMBER 31, 1994					
	Petroleum and natural gas properties	26,630,099	5,736,720	20,893,379	
	Production equipment and facilities	7,037,285	1,135,724	5,901,561	
		33,667,384	6,872,444	26,794,940	

As a result of a ceiling test calculation, which was performed with an effective date of December 31, 1995, it was determined that the net book value of the Company's petroleum and natural gas properties exceeded the net recoverable amount calculated under the full cost accounting guideline and a write-down of \$6 million was recorded as additional depletion. For 1995, the impact on the ceiling test of a change in the oil price of \$1.00/bbl and a change in the gas price of \$0.10/mcf would be approximately \$1.9 million and \$1.8 million respectively. The prices used in the ceiling test calculation of December 31, 1995 were \$22.61/bbl of crude oil and \$1.65/mcf of natural gas and the 1995 average heavy oil wellhead price of \$17.50. However, had the Company used the year end heavy oil price of \$13.87 an additional write down of \$2.7 million would have resulted. The ceiling test is a cost recovery test and is not intended to result in an estimate of fair market value. During 1995, overhead applicable to acquisition, development and exploration activities in the amount of \$686,675 (1994 - \$492,073) was capitalized. The depletion calculation has excluded \$5,196,000 (1994 - \$2,404,000) of undeveloped land and costs attributable to unproved reserves.

**Note 3** Bond issue costs are being amortized over the five year life of the convertible bond. Accumulated amortization at December 31, 1995 totalled \$272,664 (1994 - \$219,571). Costs of \$199,658 related to foreign financings have been deferred pending finalization of the financing arrangements.

		1995	1994
<b>Note 4</b>	Bank debt	\$10,800,000	\$ 8,920,000
<b>Long-Term Debt</b>	Foreign bank debt	—	134,365
	Convertible bonds	1,950,000	1,950,000
	Capital lease	545,930	—
	Other debt	6,450,000	—
		\$19,745,930	\$11,004,365
	Current portion of capital lease	(112,535)	—
		\$19,633,395	\$11,004,365

#### **Bank Debt**

At December 31, 1995 the Company had fully utilized a \$10.8 million revolving demand credit facility with a lender (Alberta Treasury Branches). The debt bears interest at the lender's prime rate plus 7/8 percent and is secured by certain petroleum and natural gas properties, a general charge over all other assets, a general assignment of production reserves, and a debenture. No portion of the credit facility is a current liability as the Company is in compliance with the loan conditions to the bank's satisfaction.

#### **Convertible Bonds**

In 1991 the Company issued 12 percent convertible bonds which mature and are redeemable on October 1, 1996. The bonds are convertible into Common shares of the Company after October 1, 1993 based on a conversion price which shall be the greater of \$0.20 per Common share or the average trading price of the Common shares determined over the 60 day period preceding the date of notice adjusted for the maximum discount currently permitted under the bylaws to the Alberta Stock Exchange. The bonds are unsecured and are subordinated to the revolving demand credit facility. In addition, the Company has agreed not to create or permit any further indebtedness (with the exception of bank indebtedness) in priority to the interests of the bondholders. No conversions took place during 1995. The bonds are presented as long-term indebtedness as it is management's intention that the debt will be replaced on maturity date by a similar long-term instrument.

#### **Capital Lease**

In 1995 the Company entered into a capital lease for a gas compressor. The capital cost of \$597,500 is included in Production equipment and facilities; to December 31, 1995 the asset had accumulated amortization of \$29,370, based on a 10 percent declining balance method. The lease bears an implicit rate of 11.3% and expires July 1, 1999.

#### **MINIMUM LEASE PAYMENTS**

1996	\$ 167,130
1997	167,130
1998	167,130
1999	173,202
	\$ 674,592
Less interest	(128,662)
	\$ 545,930

#### **Other long-term debt**

At December 31, 1995 the Company had in place a \$6 million bridge financing facility from two lenders, relating to a major acquisition. The debt bears interest at rates up to prime plus 3 percent. Subsequent to year-end this bridge financing was replaced by an increased credit facility from the primary lender and a long-term note with an option to convert \$2 million to equity. At December 31, 1995, the Company also had \$450,000 of debt payable to a private company controlled by a Director. The debt is unsecured and bears interest at 9.375 percent and is not expected to be repaid in 1996.

## Note 5 Share Capital

## AUTOMOTIVE

An unlimited number of Preferred shares, issuable in series.

An unlimited number of Common shares, without nominal or par value

Voting Convertible Incentive shares, without nominal or par value, restricted to 10 percent of the issued and outstanding Common shares.

ISSUED	1995		1994	
	Number	\$	Number	\$
Common shares, beginning of year	73,380,917	17,775,912	45,140,184	10,084,994
Add: - shares for cash under a flow-through share agreement	3,594,420	771,796	630,636	90,885
- private placement	7,142,857	1,870,000	-	-
- shares for asset purchase	-	-	8,833,333	2,650,000
- shares issued under Rights Offering	-	-	18,344,229	4,853,255
- stock options exercised	-	-	432,535	96,778
Common shares, end of year	84,118,194	20,417,708	73,380,917	17,775,912
Voting Convertible Incentive shares	-	-	2,815,724	11,957
Share capital, end of year		20,417,708		17,787,869

- (i) During 1995, the Company redeemed all of the outstanding Voting Convertible Incentive shares at a price of \$0.01 per share for an aggregate redemption amount of \$28,157.
- (ii) During 1995, the Company completed two flow-through financings totaling 3,594,420 shares for gross proceeds of \$1,006,000. Under the terms of the agreements, the Company renounced the tax benefit associated with \$805,000 of capital costs effective December 31, 1995.
- (iii) At December 31, 1995, the Company had outstanding options to issue 6,270,440 Common shares (5,070,440 Common shares at December 31, 1994) to Directors, officers, employees and other persons. During 1995, no options to acquire Common shares expired. Options outstanding at December 31, 1995 to acquire Common shares of the Company are exercisable at prices between \$0.25 to \$0.30 (\$0.25 and \$0.30 for 1994) and at various times until December 1, 2000 (November 23, 1999 for 1994).

### Net Loss per Share

The net loss per share is calculated using 77,091,825 weighted average number of shares (1994 - 54,573,459). Common share options and conversion of the convertible bond issue are anti-dilutive.

## Note 6 Taxes

At December 31, 1995 the Company had approximately \$38,726,000 (\$28,687,000 at December 31, 1994) of resource and other unused tax pools available to offset future taxable income. Of these amounts, \$1,525,000 (\$2,790,000 at December 31, 1994) are streamed against income from certain properties. Petroleum and natural gas properties with a net book value of \$3,608,000 (\$3,177,000 - 1994) have no cost for income tax purposes.

	1995	1994
<b>Loss before taxes</b>	<b>\$ (6,997,630)</b>	<b>\$ (204,848)</b>
Income tax at statutory rates of 44.6 percent (1994 – 44.3 percent)	\$ (3,121,000)	\$ (91,000)
<b>Effect on taxes of:</b>		
Crown royalties	639,000	409,000
Freehold mineral taxes	81,000	45,000
Resource allowance	(499,000)	(403,000)
Alberta Royalty Tax Credit	(131,000)	(138,000)
Non tax base depletion	167,000	148,000
Other	10,000	8,000
<b>Unrecorded benefit of current year's losses</b>	<b>2,854,000</b>	<b>22,000</b>
	0	0
<b>Capital taxes</b>	<b>\$ 127,500</b>	<b>\$ 86,000</b>

## Note 7 Commitments

(i) By virtue of a Corporate and Investment Management Agreement with ALBERTA FUTUREVEST Corporation (the management company) controlled by an officer and Director, the Company receives the direct benefits of management supported by a team of professionals who specialize in the management of a number of companies on a cost

sharing basis. The agreement expires December 31, 1999. Fees in connection with these services are determined as the greater of \$5,000 per month or 5 percent of defined net operating income of ALBERTA Oil and Gas Limited. In addition, the agreement provides for the payment of an additional 15 percent of all subcontracted corporate and financial management and technical management services provided by the management company plus a royalty interest in connection with acquisitions of new properties and the drilling of new wells subsequent to December 31, 1989 (see note 8). The Company has entered into a five year agreement effective January 1, 1991 with the management company to rent certain office furniture, equipment and computer hardware and software. The agreement renewed in 1996 for a two-year period. The estimated annual rental charges for the balance of the agreement are:

1996 – \$200,000; 1997 – \$180,000.

(ii) At a Special General Meeting of Shareholders held July 12, 1990, the shareholders of the Company:

- authorized the Board of Directors to extend the term of the Corporate and Investment Management Agreement for a total term of five years in the event that a takeover bid is made for the Common shares of the Company which the Board of Directors determines is not in the best interest of the shareholders of the Company; and
- approved a Directors' Severance and Indemnification Contract which, in part, provides for certain payments to be made to Directors of the Company in the event of a hostile takeover bid.

This plan was implemented in January, 1991.

(iii) The Shareholders approved a Shareholder Rights Protection Plan Agreement (the "Plan") July 4, 1994. The Plan replaces a previous shareholders' rights plan approved at a Special General Annual Meeting of Shareholders held on July 12, 1990. The Plan will remain in force for a period of ten years, subject to shareholder ratification at the annual meeting immediately following the fifth anniversary of the Plan.

(iv) The Company entered into financial instrument contracts to hedge its exposure to fluctuations in oil and natural gas prices and foreign exchange rates. Gains or losses from these activities are reported as adjustments to the related revenue or expense accounts as they are settled. During 1995, the Company had net expense of \$13,000 under these contracts. The following summary of contracts, some of which were entered into after December 31, 1995, are presently in effect:

- oil swap agreements averaging 484 bopd at an average WTI price of \$18.04 US.
- gas swap agreements covering 3,250 mmbtu per day at an average NYMEX gas price of \$1.94 US.

**Note 8 (i) Fees paid pursuant to the Corporate and Investment Management Agreement:**

**Related Party Transactions**

	1995	1994
Royalties	\$ 166,206	\$ 157,510
Management fees	514,054	379,790
	<hr/> \$ 680,260	<hr/> \$ 537,300

(ii) The Company paid rental charges for office furniture and equipment, and computer hardware and software including a major 1994 computer upgrade. The Company, under its agreement with ALBERTA FUTUREVEST Corporation, paid rental charges as follows:

1995 – \$325,173 1994 – \$74,705

The rental charge represents a cost recovery to the management company and has no profit component.

Net balance owing to the management company at year end totalled \$263,800 (1994 - net advance of \$47,700).

(iii) The Company leases office space from a company owned by a Director at a cost of:

1995 – \$124,402 1994 – \$101,423

The amount of rent paid reflects the Company's proportionate share of actual rental costs incurred by the other company. There is no profit component included in the lease rental costs. The net balance owing to this company at year end totalled \$55,500 (1994 - net advance of \$148,250).

(iv) In 1994 the Company acquired all of the oil and natural gas assets of a private company owned by a Director for a combination of cash and 8,833,333 Common shares. The purchase price was determined by reference to independent engineering appraisals.

(v) Consistent with industry practice the Company carries on many of its development and production activities in joint ventures with other parties; several of these parties are also managed by ALBERTA FUTUREVEST Corporation. The aggregate balance owing to these parties by the Company at year end totalled \$44,611 (1994 – \$110,695).

(vi) The Company paid \$183,000 (1994 – \$103,000) for legal services to a law firm controlled by the Corporate Secretary.

**Note 9 Certain comparative figures have been reclassified to conform to the current year's presentation.**

**Comparative Figures**

FINANCIAL (\$ thousands except per share amount)	1995	1994	1993	1992	1991
Oil	7,673	6,129	3,095	2,506	2,362
Gas	3,887	2,354	1,081	978	426
Plant	387	129	192	176	222
<b>Gross revenue</b>	<b>11,947</b>	<b>8,612</b>	<b>4,368</b>	<b>3,660</b>	<b>3,010</b>
Operating expenses	3,248	2,352	1,598	1,416	1,332
Net operating income	6,710	4,901	2,100	1,840	1,256
General and administrative	2,157	1,510	982	949	849
Cash flow before income tax	3,059	2,575	670	550	189
per share	0.040	0.039	0.015	0.013	0.004
Net loss	(7,125)	(291)	(706)	(560)	(531)
per share	(0.092)	(0.005)	(0.016)	(0.013)	(0.012)
Capital expenditures and acquisitions	15,425	19,328	2,520	3,986	1,656
Long-term debt and convertible bond	19,633	11,004	4,998	4,900	2,278
Shareholders' equity	10,680	15,175	7,775	8,328	8,888
<b>OPERATING</b>					
Production					
Oil and NGLs (bbls/d)	960	830	439	343	309
Gas (mmcfd)	8.1	3.5	1.6	2.0	0.9
Price					
Oil (\$/bbl)	21.65	19.88	19.42	20.47	19.90
Gas (\$/mcf)	1.30	1.81	1.90	1.33	1.27
Reserves, proved and probable					
Oil and NGLs (mstb)	3,855	2,621	2,228	2,204	1,050
Gas (bcf)	37.8	32.0	17.0	19.5	19.0
Proved and probable reserve value, discounted					
at 15 percent before taxes and ARTC (\$ 000's)	35,264	32,142	20,182	20,041	15,862
Net asset value per share (\$)	0.23	0.33	0.35	0.37	0.33
Undeveloped land holdings (net acres 000's)	95.3	55.4	13.5	17.9	12.7
<b>SHARE ACTIVITY</b>					
Volume traded (000's)	3,198	5,155	6,695	2,840	4,666
Share price, close (\$)	0.25	0.30	0.25	0.15	0.17
Number of shares outstanding (000's)	84,118	73,381	45,140	43,097	43,097
<b>NETBACKS (\$ per boe)</b>					
Gross production revenue	17.92	19.68	19.19	17.59	19.06
Net royalties	(3.08)	(3.15)	(3.14)	(2.77)	(2.89)
Field operating expenses	(4.43)	(5.16)	(6.46)	(5.53)	(7.59)
Operating netback	10.41	11.37	9.59	9.29	8.58

Certain comparative figures have been reclassified to conform to the current year's presentation.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Dr. Urs Wehinger

Zürich, Switzerland

### Günter Daiss

Freiberg, Germany

### Josef Hodel

Calgary, Alberta

### Heinz Senn

Oftringen, Switzerland

### Thomas R. Vukovich

Calgary, Alberta

### Charles V. Selby

Calgary, Alberta

### Paul Stauffer, Chairman Emeritus

Lenzburg, Switzerland

## OFFICERS

### Dr. Urs Wehinger

Chairman of the Board of Directors and  
Chief Financial Officer

### Günter Daiss

Vice-Chairman

### Josef Hodel

President and Chief Executive Officer

### Charles V. Selby

Corporate Secretary and General Counsel

### Stanley W. Odut

Senior Vice-President, Oil and Gas; and  
Chief Operating Officer

### Catherine J. Buck

Vice-President, Finance

### John D. Horning

Vice-President, Business Development

### Dale Renz

Controller

### Peter Horni

Treasurer

### Marlene J. Sims

Assistant Corporate Secretary

## CORPORATE ADDRESS

ALBERTA Oil and Gas Limited  
1200, 700-4th Avenue S.W.  
Calgary, Alberta T2P 3J4

## BANKER

Alberta Treasury Branches  
225-4th Avenue S.W.  
Calgary, Alberta T2P 4K3

## STOCKHOLDER INFORMATION

The shares of ALBERTA Oil and Gas Limited are listed for trading on the Alberta Stock Exchange under the symbol AOG. At December 31, 1995, the number of shares issued and to be issued was 84,118,194.

## TRANSFER AGENT AND REGISTRAR

The R-M Trust Company  
600, 333-7th Avenue S.W.  
Calgary, Alberta T2P 2Z1

## AUDITORS

KPMG Peat Marwick Thorne  
1200, 205-5th Avenue S.W.  
Calgary, Alberta T2P 4B9

## LEGAL COUNSEL

Selby Solicitors  
980-700 4th Avenue S.W.  
Calgary, Alberta T2P 3J4

Bennett Jones Verchere  
4500, 855-2nd Street S.W.  
Calgary, Alberta T2P 4K7

## ABBREVIATIONS / ABKÜRZUNGEN

bbls	barrels
	Fass
bbls/d	barrels per day
	Fass pro Tag
mbbls	thousand barrels
	Tausend Fass
bopd	barrels of oil per day
	Ölfässer pro Tag
mstb	thousand stock tank barrels
	Tausend Vorratsfässer
mcf	thousand cubic feet
	Tausend Kubik Fuss
mcfd	thousand cubic feet per day
	Tausend Kubik Fuss pro Tag
mmcf	million cubic feet
	Million Kubik Fuss
mmcf/d	million cubic feet per day
	Million Kubik Fuss pro Tag
bcf	billion cubic feet
	Billion Kubik Fuss
boe	barrels of oil equivalent where in natural gas is equated to oil using 10 mcf = 1 barrel of oil
	Einem Fass Öl gleichwertig
	Verwendet für alle boe-Berechnungen zwischen mcf Gas und bbl Öl ein Verhältnis von 10 zu 1, was dem Usus in der Industrie entspricht
mboe	thousand barrels of oil equivalent
	Tausend einem Fass Öl gleichwertig
NGLs	natural gas liquids
	Erdgasflüssigkeit
ARTC	Alberta Royalty Tax Credit

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CALGARY, ALBERTA

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